

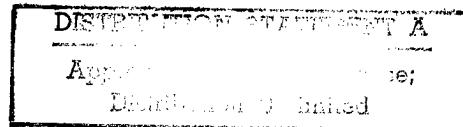
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FINLAND

**Suit by Stalinists Against CP Moderates
Unsettled**

36170050b Helsinki HELSINGIN SANOMAT
in Finnish 1 Mar 88 p 11

[Text] Litigation over the Validity of Resolutions passed by the 21st delegate assembly of the Finnish Communist Party (SKP) is bogged down in a dispute over how the Taisto Sinisalo Districts, expelled from the SKP, can acquaint themselves with the documents which originated in connection with—and in preparation for—the assembly.

On Monday, party attorney Juhani Laurikainen brought into Helsinki Municipal Court a suitcase full of documents, just as the court had enjoined him to do during the first session of the case last November. Included were the 21st delegate assembly's minutes and appendices as well as many remarks made and recorded by the SKP Central Committee when it prepared for the assembly.

Plaintiffs in the case, eight Sinisalo Districts expelled from the SKP, believe the documents prove that last summer's assembly and resolutions are illegal.

The plaintiffs feel that the resolutions of the assembly violated their rights as well as established custom and previous practice. The Sinisalo Districts are petitioning the municipal court to declare null and void the delegate assembly's resolutions and the Central Committee's preparatory decisions.

The district organizations of Kymenlaakso, Uusimaa, Etala-Karjala, Tampere, Turku, Lahti, Joensuu, and Kuopio were not invited to the 21st delegate assembly. Appearing in their place were the new majority-communist districts with whose support the Central Committee proposals were passed.

The litigation, which began late last year, is the follow-up of a lawsuit which the Helsinki Municipal Court settled a year and a half ago.

The Central Committee decision to expel the Sinisalo districts in October 1985 was invalid, according to the municipal court, because it was based on rule changes erroneously made at the SKP extraordinary delegate assembly in March 1985. The Helsinki Court of Appeals ruled likewise in the case but also stated that the new districts did not infringe upon the interests of the old districts. The case is currently before the Supreme Court.

The lawsuit will continue in municipal court a month from now. Before then, attorney Arjo Suonpera, who represents the Sinisalo Districts, will be allowed to familiarize himself with the SKP documents. He was advised by the municipal court to bring into the court-room copies of the most important of these documents in support of the lawsuit.

12327/12232

NETHERLANDS

**Lubbers on Role of Premier, Cabinet,
Unemployment**

36140008 Rotterdam NRC HANDELSBLAD in Dutch
31 Dec 87 p 9

[Report on interview with Dutch CDAA [Christian Democratic Appeal] Prime Minister Lubbers in The Hague, by editors Jose Toirkens and J.M. Bik; date of interview not given]

[Text] It is Monday evening after a long Christmas weekend. The parking lot under the square is almost empty and so is The Hague central city. We are having an interview with the man who has now led a CDA and VVD [People's Party for Freedom and Democracy] coalition for over 5 years and wants to prepare the Netherlands for the nineties and the following century. But we would like to hear from R.F.M. Lubbers, prime minister since 4 November 1982, more details about the present national state of affairs.

Since his election victory of last year, another stronger wind has begun to blow as a result of the fall of the low dollar, the low natural gas price and growth stagnating again. Since then he has also complained about the lessened respect of the citizen for all kinds of laws. The citizen seems to have somewhat less interest than previously in "politics," "the government" or in "Europe" for many still a technocratic abstraction in Brussels. The chicken or the egg? Is that perhaps connected not only with the actual spirit of the times and but also with politicians such as Lubbers and their practical, unemotional policy? Is that policy "transparent" or fascinating enough to appeal to the citizen in the desired manner? Chance had it that the interview took place on the day of Den Uyl's cremation. Consequently the sixties and seventies seem gone even more.

The prime minister in the Netherlands needs good ministers. And by that I mean ministers who are self-motivated. And then you need someone to be helpful, to share responsibility and to coordinate, if conflicting things threaten to happen. It is first of all a coordinating and supporting position, that is not any false modesty, you are subservient to the council of ministers.

We had asked if the Netherlands under CDA Prime Minister Lubbers does not seem sometimes to be almost on the way to a sort of presidential system. The council's advisers on general affairs play a very important role in official (interdepartmental) policy preparations and, the prime minister hears everything, follows everything and is acquainted with all documents. He presides over the council of ministers and its subcommittees and is very heavily involved in foreign (European) policy. He is by far number one in the country's largest party, which is

also the largest governing party and which leads a coalition with a much smaller partner, the VVD, which was badly hurt in the last elections.

As the largest opposition party, the PvdA [Labor Party] is especially involved in self-analysis, the majority of the Second Chamber had its political freedom restricted last year, just as in 1982, perhaps not in principle, but in fact through the governing agreement. Practically all lines seem to come together at Lubbers' office in the little tower at the court pond and to be tied together there. It does not appear so dualistic; the citizen who wants to consider it so appealing, must really do his best. Or is that all otherwise?

Coordination

"I know there are trends now and then which increase the pressure on the prime minister. That happens internationally in the European Community. That also happens naturally there where the prime minister is involved in the Second Chamber and in the country. Then you get such a result, I do not escape it, I say it honestly, working together with colleagues on definite problems. That is indeed necessary, certainly when several more ministers are involved. That is the usual government line. In fact, if there are tensions between ministers or in the coalition, it is logical that the prime minister lays a special role, then coordination is consequently necessary. It is not always like that, I naturally have something occasionally. I read something, I hear something. But then I think, yes but that is the field of another minister.

[Question] You do not mean that in questions such as nuclear weapons policy, the Media Law or the Euthanasia Law you limit yourself to coordinating with a pious face?

[Answer] Yes, that happens because tension is involved, the subject is then controversial, then I must cut the (Gordian) knots occasionally.

[Question] Perhaps you sometimes also develop an idea.

[Answer] Yes, perhaps I occasionally develop an idea. But then only on subjects which have appeared controversial, to looks of incredulity. Certainly some conflicts are prevented in fact because ministers know where I stand. Well good, in that sense you then play the role. Okay, I will not let it appear too weak.

Then the relationship with the parliament, that is where in the period 1982-1986 the matter was more monistic. This happened because we were in arrears in decision-making which we had to make up for, that produced a great rigidity. I recall that the community then savagely criticized us—we were called autistic children, who only were dreaming with the governing agreement. That was a bit exaggerated, but well, I recognize that we then had

somewhat of a policy of: doing. But when I make a comparison between the second and the first period, there is now much more dialogue with the chamber, also with the opposition.

That may appear visually otherwise, but let me mention someone, someone like Voorhoeve who speaks unusually smoothly, but he is naturally a strong group leader. And Bert de Vries is certainly not someone who ever fires shots across the cabinet's bow, but he is still a man with definite opinions, who now has acquired years of experience and knowledge as a CDA group leader.

[Question] So it becomes a sort of family advertisement!

[Answer] Yes, I still view that positively. Wim Kok as Joop den Uyl's successor has added a bit of new professionalism to the opposition. And Van Mierlo plays his role in his way, but that harmonizes with the operation of the parliament. I can, I venture to quietly say that we at the moment have a good balance between the scope for the parliament and the possibility of governing, I have no need for special powers in the Belgian manner. I occasionally feel that perhaps in the first period the parliament was more restricted by the government and that now the reverse is the case.

Passport Affair

[Question] That sounds surprising. You seldom hear that. Are there examples of that to mention?

[Answer] After some pause, two examples follow. In the passport affair, the audit office advised the government to agree with parliament in the introduction of the new passport. Lubbers says that the government is accepting that advise and will write to the Second Chamber soon.

Is that happening now without any hesitation? No for it is constitutionally exceptional, there is then namely no control afterwards, but parliamentary approval beforehand, while it still is a question of administration. As a second example, Lubbers mentions the discussion about the durability of the governing agreement. If you deliberately want to deviate from the governing agreement, ministers cannot do that within our relationships without the approval of the men in the chamber, without the Voorhoeves and De Vrieses, it will not do.

[Question] The first example says little about the relationship between government and Chamber and the second is somewhat obvious. The chamber must also approve bills, that is after all nothing special?

[Answer] My opinion is in every case: there is a reasonable balance in the relationship between parliament and government. Now, about the country itself. I believe that a new problem is appearing for the country. In 1982 it was still true that the seriousness of the employment

problem was considered a legitimization of government policy, although there were then various opinions as to whether we were acting fairly or were using good instruments.

That has changed. Now there is a complicated situation on a number of points. Why? Because the interpretation of social-economic policy on the basis of unemployment is now less convincing. I mean less convincing because many persons see it somewhat otherwise. Now that there are some concerns about the dollar and natural gas, perhaps that feeling comes back: look, that could cost my job. But the feeling, the concern about your own job or that of a family member was in 1983 essentially otherwise, more urgent than in 1987. Consequently the emphases are also otherwise.

[Question] One has gotten used to unemployment then?

[Answer] Yes, but that is also the other perception of the seriousness of unemployment. There is consequently less legitimization of governmental acts which are painful, but must take place. That gives another view of what is happening on the political scene. My second point, not less important is the increasing significance of the problem of criminality, or broader: law and order in the community, not observing rules, whereby the citizen has the impression of a relatively powerless government. That is a great problem in a substantial and political sense. The government bears great responsibility for this. It is expected that the government guarantees order; it must guarantee that, but it cannot always do it.

[Question] Criminality, the blurring of standards as disruptive of government, policy?

[Answer] Certainly, the kidnapper, the burglar, the arsonist, and so on. There is in all those cases not only one victim who is damaged, the citizen, there is in every case damage to the government, it is noticed, that counts. That increases the citizen's criticism of the government and also his alienation from politics.

A good point is that the citizen thinks more and more that the government does not need to play a main role in many other fields. He means then: The Hague, the government has and needs little to say about that. He then considers politics somewhat sympathetically, but sometimes I think that is also right. We then come to Sliding Panels (PvdA working paper, editor) and Shared Responsibility (CDA working paper). Also politics itself comes to the conclusion that it truly is an important part of the Netherlands community but is not everything. Insofar as too little politics really does take place in the parliament and too much of an already known result exists before we go to the chamber, if too much is nailed down and there is no room for parliamentary discussion, then as a minister and a veteran member of parliament,

I think that is a genuine problem, I agree with that. But I absolutely do not believe that the community has the impression that there is too little room for discussion in the parliament.

I believe that one rather thinks that politics discuss the wrong things so now and then makes wrong decisions, or has claims which it cannot validate. That is more a common problem of government and parliament, that is not solved by making a big fireworks of every parliamentary discussion. Consequently I doubt it would be possible to achieve a certain societal alienation of politics which has to do with insufficient dualism between government and chamber.

Readjustment

Freely spoken and in other words, the citizen looks especially at what politics can and must produce. Back to today to what the second Lubbers cabinet is doing. After over a year it must already consider a possible readjustment of the governing agreement especially encouraged for that purpose by recent economic developments.

[Question] Can Lubbers II finish the job?

[Answer] The prime minister admits that the goals of the governing agreement—unemployment to a level of 500,000, financial deficit to 5.25 percent and stabilization of public taxation—can no longer be reached simultaneously.

[Question] Must the governing agreement be discarded?

[Answer] No, that is not necessary. The governing agreement declares that every year a balance must be made between the unemployment goal and the goals of the financial deficit and public taxation.

[Question] So you make unemployment goals subordinate to your other goals, while according to the governing agreement, it is the main goal of the policy.

[Answer] No, unemployment remains the main goal of the policy. However, in some matters, there is no question of choices. There are also facts. The rate at which unemployment is dropping to a level that perhaps is closer to 600,000 than 500,000, is disappointing because of the deteriorating economic situation on the whole. Increased labor productivity also plays a role in that. Besides the hard guilder prevents us internationally from using all the fruits of our moderation policy to the benefit of employment. Meanwhile the hard guilders improve our purchasing power better than we expected in the drafting of the governing agreement. The problem of long-term unemployment is of a broader scope and more difficult to solve than we thought.

I myself think that it is possible to put down an economic policy on paper, although on a somewhat longer term, which offers a prospect of that reduction to 500,000.

How? In any case not by saying: Strive to reduce the financial deficit or limit public taxation, but separately. For both also promote employment.

[Question] What does that mean specifically, a new round of economy?

[Answer] Lubbers makes a distinction between financial disappointments which are a result of the macro-economic situation, such as higher expenses for unemployment and interest and in addition decreasing natural gas income, and "normal" cost overruns. Those extra expenses must in every case be offset with new savings. That does not mean that you can say: I let the macro-economic disappointments remain merely as usual, for then a situation arises where confidence in the manageability of the financial deficit and taxation is undermined. We must save enough so that we still continue to steer the development of the financial deficit and taxation in the right direction.

[Question] New economies are detrimental to economic growth and employment in the short term.

[Answer] A too excessive and too strong reduction of the financial deficit by economies actually has a harmful influence on expenditures. But so long as the reduction of the financial deficit is accompanied by a reasonable, even increasing, level of consumption—and we have that situation now—I do not consider that a relevant problem. As soon as the goal of the cabinet to keep purchasing power up to the required level in this period would be threatened, those in the cabinet and the Second Chamber who say hey! hey! are you not overdoing it a bit, will again be heard. But expenditures—consumption and investments—are developing very well.

[Question] These statements point out that in every case new economies in the national budget will follow, perhaps not in the scope of 4.5 to 5 billion which the CEC [Central Economic Commission] has calculated. Are not the new economies going to be at the cost of lower incomes?

[Answer] Our starting point is to maintain purchasing power. A great deal must happen before we will be willing to seek the solution in measures which reduce the purchasing power of the minimums. But on the other hand, when the question comes up, can that skimpy income of the minimums not be somewhat higher, we continue to say, no. Control of expenditures and benefits now must be seen as insuring the safety of public benefits in the future. As we succeed in involving more people longer in the labor process, the number of minimums will decline and we can allow the purchasing power guarantee to apply for an increasingly longer period.

Purely Numerical

[Question] Under pressure of the latest calculations of the CPB [Central Planning Board] the prime minister has now definitely abandoned the specific goal of 500,000 unemployed in 1990. Would he ever again commit himself to a goal for unemployment?

[Answer] A goal is necessary to coordinate the whole effort. Only in that case would he want to see to it that the goal of 500,000 unemployed, does not again degenerate—as has now happened, and I myself am to blame for that—into a merely numerical goal of policy, which suggests too great a precision.

[Question] But you have taken that responsibility on yourself in the governing agreement? Moreover, the constitution says: the government is responsible for full employment.

[Answer] Therefore combating unemployment is the main goal of policy. But I persist in saying that this is a joint responsibility of government, employers and workers. In my opinion, of all the goals in the governing agreement, unemployment itself is the least to be directly influenced by the government.

The prime minister also thinks that because of the fixation on 500,000 a taboo has developed about the discussion of the structure of unemployment. For that number is based on the counting of the unemployed handled until now by the labor bureaus. Meanwhile we all know that the number of genuine registered unemployed is much lower. The difference is based, among other things, on the number of people who have temporary work and therefore remain registered at the labor bureau. But if you now start with that, you feel that people will think: the politicians are busy grouping the figures differently to give another impression of the result. In my opinion, the fixation on numbers has served the goal less than was intended, especially because employers and workers quarrel about the definition. Because of that disagreement, the goal of 500,000 became more difficult to realize.

[Question] Your official advisers in the CEC say that you can only come under the level of 600,000 with special rules.

[Answer] Genuine combating of unemployment must take place in business. We must as a government also do what is necessary. If only to ward off the threat that the number of 600,000 unemployed is going to lead a life of its own and that a sort of unrest is going to develop about a too high level of unemployment.

The new employment must take place in the market sector. Therefore the prime minister thinks that wages must not rise too sharply. Just before Christmas he created a bit of a stir when he said in an interview with

VRIJ NEDERLAND that he was convinced that Minister De Konig will institute a wage measure if a wage increase arises. De Konig contradicted this assertion several days later in the VOLKSKRANT.

Misunderstanding

[Question] Did the prime minister speak out of turn?

[Answer] Obviously a misunderstanding arose. I meant that in an emergency situation I do not exclude a wage measure, but that is not up for discussion.

Well, I think that general wage increases are not desirable in the coming years, but are also not necessary because workers even with a zero-line are not going backwards in purchasing power. The average one percent general wage increase which you see in the CAO [Collective Labor Agreement] accords now concluded for 1988 is consequently too high. The international situation makes such an increase not justified. But I don't say: well then, a wage action. The amount of wages is the primary responsibility of employers and workers.

Regarding budget discipline or rather the lack of discipline as it was described in detail and documented by Minister Ruding in his latest budgets and his letter to the council of ministers on last 20 November. It involves the unforeseen extra billions in the national expenditures now and in the past which were only partially offset with new economies. The causes are macro-economic disappointments, wrong estimates, expansion of policy and new policy. Ruding calls it "basically a political problem."

Lubbers recognizes the problem, but also takes a relative view of it. You cannot say in all cases: what a shame that these expenses are exceeded, there is no budget discipline. Sometimes there is also an explanation in the problem. For it you place a compensating economy against an excess in expenditure, budget discipline is maintained and you can on balance no longer speak of an excess or an extra economy. That is occasionally forgotten.

In the coming discussion about whether to save or not to compensate for the new disappointments, according to him, we must seek the causes of the excesses.

Sometimes they are due to lavish expenditures or mistaken estimates. Then you must look from case to case how you catch those. Sometimes you have ordinary excesses which you must compensate for without further ado, for example, for expansion of activities or more expensive activities, but it can also happen that against higher expenses, higher income is connected with that. It is also otherwise with the increasing expenditures of so-called open-end arrangements, because more citizens can make use of that. You can only do something about

the latter by changing the law, because basic laws supersede budget laws. Still, it is necessary that all of the open-end arrangements be subject to better control.

The prime minister considers increases in expenditures on the basis of macro-economic development a separate matter, for example, through wage or price increases, when accompanied by higher taxation revenue. For the share of national expenditures in the net national income and public taxation do not increase. In such a case, he calls rigidly demanding that all excesses must be compensated "a form of masochism."

Strokes of Good Luck

If you look at the figures, the macro-economic setbacks, now are the most extensive, higher unemployment expenditures, higher interest, less natural gas income. Fortunately strokes of good luck on the income side are balanced against that. Insofar as these do not lead to higher public taxation and are due to wage and price development, I mean that you may cancel those against the higher expenditures which have originated for the same reason.

8490/9738

Van den Broek on Foreign Policy, Arms Control, Own Future

36140016 Amsterdam *DE VOLKSKRANT*
(Supplement) in Dutch 27 Feb 88 p 1

[Article and interview with Minister of Foreign Affairs Hans van den Broek, by Theo Klein and Jan Tromp: "That Will Ricochet"; first paragraph is introduction]

[Text] He would rather talk about his policy than about himself. He follows Dutch politics "not on its heel, but in its wake." An interview with Minister of Foreign Affairs Hans van den Broek, about arms control and modernization, the succession to Lubbers and power. And budget cuts for Defense? A difficult debate, the minister says, but the onus of proof lies with Ruding and the other cabinet members.

"I am not here to be popular," said Minister Van den Broek shortly after taking office. Five years later, the opinion polls show the effect: the boss at Foreign Affairs enjoys a high degree of confidence throughout the country, even more than Prime Minister Lubbers. The label stuck to him right away, and the crown prince of the prime minister was quickly born. In his bright, spacious office, the minister stubbornly tries to brush aside the whole thing for an entire hour and a half.

He prefers an interview on his policy; he feels that there are plenty of points to be raised. He has an intense dislike for stories about himself personally. "Oh, it's all so fragile," he says in defense. "Personal praise in politics is more risky than sliding down a mountain. Do you understand what I mean? Really, if you let yourself

be set up on a throne, then you're asking for slip-ups. That is the first point. Secondly, name me one political crown prince who was ever in fact called to the throne. Limit that to the Netherlands. I don't know of any."

Personal ambitions? "Next question please." After the point is patiently pressed, the minister does acknowledge that he is "very devoted to public affairs." This is quite a lot coming from a politician invariably described as cool, business-like, distant and bloodless. A return to the business world (he came from AKZO) is thus very unlikely.

And then he says with a sigh, "Believe me, back then I needed some time to recover from the shock at having been asked to be minister of Foreign Affairs. That request came at a moment when I had scarcely recovered from the fact that I had become state secretary for European Affairs. Even while serving in the Chamber, I had never considered the possibility that that honor would be bestowed on me. Maybe that's crazy, because everyone says that a politician without ambition is not a true politician. Okay, then maybe I'm just half a politician, that could be."

He feels that speculation about his future is "so meaningless." We should recognize most of all that the minister is doing his work "with his heart and soul," and that he would carry on for some time "if I am so permitted." "I shouldn't think about Lubbers leaving, much less about the question of who will then succeed him. That is far beyond the horizon for me. I think it's all so silly, this sort of speculation. I understand that it's all part of it. But it is simply annoying."

The message is clear: The minister simply wants to do the work for which he was hired, and he prefers to leave the choice of crown princes and successors to others. Even without party politics, his agenda is already too full. With the successful European summit just completed, the meeting with the government leaders of the NATO countries is coming up soon. In the meantime, Van den Broek is due to drop in on various European colleagues.

In his opinion, discussion of Lubbers' successor can only have negative effects on his work. Van den Broek: "Don't forget that I, together with my co-workers, am making policy here on the basis of political and objective considerations. As soon as that is infiltrated by claptrap, a politician is running an enormous risk. You lose your consistency. That charge is often heard about politics. I mean the phenomenon of unclear compromises being reached to cover up other things that cannot be spoken. That sort of thing."

"I am trying to remain identifiable with everything in my policy. Perhaps that is in fact what speaks to the people. But then I would add to that that I certainly have it easier in my sphere than a minister of Education or of Welfare, Health and Culture. They have to tactfully

explain why school classes are getting overcrowded and community centers are closing. I don't envy those colleagues of mine. In that sense I have it a little easier. I think it would be appropriate for this to be taken into consideration when judgment is passed."

On the other hand, the minister of Foreign Affairs must score points—points that are hard to trace—in the complex international circuits, a task that he has tackled with dedication. The endurance of the chain-smoking politician is renowned. Officials at Foreign Affairs try to keep up with him and often think back wistfully on the days of his predecessor, Minister Van der Klaauw, when there was always time for joke and a laugh along the way.

In 5 years, Van den Broek, primarily in cooperation with Prime Minister Lubbers, has gained authority both at home and abroad. Through expert and cautious maneuvering, the Dutch duo has captured a comfortable spot on the international stage; not really between the big powers, but certainly close enough that influencing is possible.

This was the case, for example, 2 weeks ago at the European summit in Brussels, where the Twelve unexpectedly took a major step forward. The Netherlands, as Margaret Thatcher's buddy, had maximum influence there for a small country because of the efforts of Lubbers and Van den Broek. For many months, work was done behind the scenes to achieve the most important Dutch objective—restriction of agricultural spending. "I am satisfied with the contribution that the Netherlands was able to make to the success of the European summit," the minister remarks coolly.

At such moments, the Netherlands cannot have power politics in the classical sense of the word. Van den Broek: "No, no, no, no power politics. That's not even part of the Dutch character anyway, we don't think in terms of power politics. And moreover, it's naturally not our position either. Our arsenal of possibilities is determined by knowledge, by creativity, by a label of reliability and consistency."

"It is because of this that in the time leading up to the European summit we were able to say to Chancellor Kohl, 'If you come out now arguing for absolute preservation of income (the most stubborn German point, ed.), then we might point out that since the milk resolutions we, the Netherlands, have had to buy milk from Bavaria because we are not allowed to produce it ourselves. We have to import it, Mr Chancellor, to keep our milk factories going.'"

Kohl, Thatcher, Mitterrand, Reagan. Is it not difficult to always have to return to the Dutch situation after being among the world's leading figures? How much does the minister follow Dutch politics? Van den Broek, cautiously: "Not on its heel, but in its wake. I read the Dutch newspapers, in addition to the international press."

And then almost carelessly: "What I try to follow on the heels of is socio-economic policy, although that isn't always easy in my position. But there are also clearly links with developments abroad, on which our economy is so dependent. Naturally, I am also interested in party politics. And of course I have my spies for that."

Still, the mother country must look very small at times. The minister denies this, with outstretched hands: "No, no, no. If I feel that something in Dutch politics is drivel, most of my colleagues in this country think so as well. I don't know if you should write this down, since no one will believe me: This country is very dear to my heart."

"I do hope that this is not news. Look, this minister of Foreign Affairs should not be regarded as a border-hopping guy who can only see everything that happens in these 33,000 square kilometers in relation to the entirety of world events. That's not the way it is. I work from this country, I work for this country and I am part of this country."

"Maybe this sounds bombastic, but I mean it. Every time I land at Schiphol Airport, when I see Amsterdam and the grasslands underneath me, I get a warm feeling inside. For me the return is always more joyful than the departure." At these moments, he does not at all live up to his reputation as a cool manager.

Van den Broek also betrays emotional involvement when the subject of Europe and arms control comes up. Working within his narrow limits in the realm of international security policy, the minister has over the last few years emphatically devoted himself to promoting a worldwide ban on nuclear testing, the destruction of chemical weapons and supervision of compliance with human rights norms. In the global political game, these are minuscule steps that have nonetheless proven their worth. As the chairman of the West European Union (WEU), a club of seven European NATO countries, Van den Broek is trying to strengthen the European wing of NATO.

Van den Broek disputes the idea that he, the dyed-in-the-wool supporter of European-American ties, has over the course of time become European. In his view, that is an optical illusion. "I have not become more European. It is international developments that have led to more attention being paid to Europe, starting with specific aspects of European security."

"Since 1984, the realization has grown that the integration of Europe can never be complete if we ourselves no longer take responsibility for European security. I recognize that development, but I remain solidly behind European-American cooperation. For the simple reason that I do not see how the security of Europe can be ensured in the long run without the American security guarantee."

Van den Broek presupposes that stability within NATO is served by a strong European wing. He sees the chairmanship of the WEU, which the Netherlands occupies until July, as an instrument for raising security questions with military lines of approach within the European context as topics for discussion. "This is happening for the first time in West European history. It is not easy. Also, the European countries are so used to having this sort of thing discussed exclusively within NATO that it will take some states a little time to get used to it."

In Van den Broek's judgment, it is also high time that the countries of Europe "confront themselves with the possible sacrifices that are demanded for arms control." It is clear to the minister of Foreign Affairs that these financial sacrifices must be made. The members of NATO will have to dig into their purses in order to improve the ordinary (conventional) weapons after the intermediate nuclear forces (INF) are dismantled from Europe.

Van den Broek: "I do think that that extra effort is a foregone conclusion, yes. It is certainly inconceivable that the USSR will be willing to completely restore the balance in Europe through a unilateral reduction in conventional weapons. The Russians would have to give up a lot in that case. It's not a realistic expectation. This means that we on the West European side must do something extra to achieve a balance in conventional terms between East and West."

Before that has been achieved, Van den Broek feels that there can be no agreements on dismantling the remaining (short-range) nuclear weapons in Europe. The minister assumes that strong appeals will again be made within NATO to comply with the agreements on increasing defense budgets (by three percent a year). Here he encounters a delicate point. The cabinet is currently engaged in intense debate over the question of whether the growth in defense spending should be further reduced.

Minister of Finance Ruding, in his first letter on the upcoming round of budget cuts, has set his sights on Defense as well. Van den Broek: "That will ricochet. I say that you cannot continue to credibly strive for nuclear arms control if you are not willing to face up to the fact that continued security and stability demand an extra effort at the same time. Don't ask me about figures, I find the debate difficult enough as it is. But I will make no secret of the fact that I am very concerned about the discussions in the Dutch cabinet at this point."

In fact, Van den Broek gives the cabinet a piece of his mind, in a calm, clear, but hard tone. "The national contributions to the alliance vary rather wildly. Of all the NATO countries, we, I think, are about in the middle. We are threatening to slip towards the rear. That is wrong, very wrong." We remind the minister of the agreement from the coalition accord: Only under exceptional circumstances is spending on Defense and Development Cooperation to be cut.

Are those circumstances in evidence right now? Van den Broek: "I am not convinced. I don't think that circumstances are so exceptional that Defense and Development Cooperation can no longer be spared. I know that it will be a very difficult debate in the cabinet. I also know that Van Eekelen, Bukman and I will have to be ready to listen to the arguments of others. Naturally we are dealing here with a total cabinet policy."

"But within that, our priorities certainly count too. I am very realistic about this. We made clear agreements in the coalition accord. In other words, the onus of proof that we are in the midst of exceptional circumstances is not with us, but rather with Ruding and the other colleagues. They have to more than convince us that there is no other way out."

Less costly but no less problematic is the modernization of the remaining nuclear weapons, which NATO wants to carry out in Europe. The Netherlands is directly involved in this, since the improvement of the Dutch Lance missiles and the nuclearization of the F-16 fall under the so-called Montebello plans. The Second Chamber has emphatically stipulated that there be no improvements without parliamentary approval.

The minister of Foreign Affairs avails himself of the opportunity to emphasize that modernization is not compensation for the removal of the INF missiles. The plans for improving the remaining nuclear weapons in Europe had been approved long before the INF treaty. It is now a matter of waiting for the development of more modern nuclear weapons by the United States. These weapons will not be available until the 1990s.

Van den Broek: "The issue is simply this: What is the minimum that we need in the current situation—after the INF treaty—for our defense? You have to come up with a responsible combination of conventional and nuclear weapons. In this sense, the Netherlands is saying loud and clear that for the foreseeable future we cannot renounce the nuclear component of deterrence."

The minister contends that it would be quite easy for him to disguise these issues. The Montebello agreements could be declared invalid "for the public gallery"; a different term could be thought up for the loaded concept of modernization. All of this could be done, but it does not appeal to Van den Broek.

With his fist on the table: "We have always said, 'Let's break through the arms spiral.' Well, now we have had success. It is a major achievement. We fully support the Americans in pursuing results in the area of strategic nuclear weapons as well. All of this is important. We are busy working on achieving a far-reaching reduction in the area of conventional arms.

"Nevertheless, as a politician you must also impress upon the citizenry that there will always be a military potential. A potential that must be kept up, and thus

must be modernized, since the Russians are doing just that with their atomic weapons. This is not raw desire for more arms. It is fulfilling the purpose of the alliance: a minimal defensive requirement at as low a level as possible."

Nevertheless, the Malieveld is once again full of demonstrators. Does the minister think that his message will be accepted? Van den Broek: It will simply have to be. We are not in some blessed situation wherein existing contradictions between the political and social systems make it possible to abolish the military apparatus. But the Dutch citizen can rely on the fact that the Dutch contribution is oriented towards stability at as low a level as possible. I feel that that is the only true starting point.

"If people still want to go to the Malieveld, then I say this: There is freedom to demonstrate in this country. That freedom existed in 1981 and 1983 (the years of the major peace demonstrations, ed.) as well, and despite that the cabinet, supported by Parliament, in 1985 adopted the 1 November resolution to deploy the cruise missiles. I don't wish to say here that the citizen does not matter to us. But I would like to ask that group of a million demonstrators: Shouldn't we now evaluate the results together?"

12271

Poll on Popularity of Reagan, Gorbachev
36140014 Rotterdam NRC HANDELSBLAD in Dutch
15 Feb 88 p 8

[Article by J. Stapel: "Reagan Has Met His Match"]

[Text] When about 5 years ago NIPO (Dutch Institute for Public Opinion Research) gave our people the choice between pro-, anti-, or neutral towards the USSR, more than half answered that they were anti-Russian.

Various polls which were held last year show that the percentage of those choosing "anti" has dropped to about 20 percent and that more than 70 percent now choose a neutral attitude toward the Soviet Union.

The same percentage of those polled chose a neutral attitude towards the United States. It is true that one of every five or six Dutch is pro-American, while only a few percent are pro-Russian.

Afghanistan has not yet seen the withdrawal of Soviet troops and in Sweden the concern about Soviet submarines has by no means disappeared. But the INF agreement has been signed and Woensdrecht remains free of cruise missiles. Moreover, Gorbachev is "likeable" (65 percent), "capable" (68 percent), and even "trustworthy" according to twice as many Dutch (35 percent) as

the admirers of Reagan (18 percent). The "great communicator" in Washington has apparently met his match. So much so that even in the United States the Soviet party secretary is among the 10 most admired (living) men.

Last year NIPO made two enquiries as to how favorably or unfavorably our public views Reagan and Gorbachev. The American president got about 60 percent unfavorable judgments. In contrast, Gorbachev scored over 70 percent positive judgments, ranging from 75 percent of those voting for the small leftist parties to the supporters of the CDA and VVD (both 77 percent).

It is otherwise with Ronald Reagan. He still got more than 40 percent favorable judgments from the CDA and VVD voters, but fewer than 30 percent from the PvdA voters and not even 20 percent from those who vote for the small leftist parties. And it must be assumed that the impression which the president makes is an influence on the attitude towards the United States.

/12232

PORUGAL

Near-Clandestine 'Openness' Document Circulated Within PCP
35420055b *Lisbon EXPRESSO in Portuguese*
6 Feb 88 pp 1, 24

[Text] Communist militants who sympathize with the movement centered around Vital Moreira and other PCP leaders formed an Information and Propaganda Service—"Openness" (SIP—"Transparencia"). This name is a direct allusion to the party's traditional SIP with the addition of the word openness in quotes (Portuguese translation of the term "glasnost" which is generally used to define the openness policy of the present leaders of the Soviet Union).

A document of restricted and practically clandestine circulation declares the objectives of the SIP—"Openness" as the need to "take some truths to the people, and not necessarily the truth that a few feel the people have a right to know." It justifies the care surrounding this activity stating that "the most legitimate channels do not necessarily have glass walls."

Concurrently with this activity or even as an opening remark to it, these dissidents have been publishing a series of pamphlets containing slogans very critical of ideas that remain practically untouchable within the party. Some sentences suggest an "aging" of some of the principles adopted by the PCP until now. One of these pamphlets, for example, contains the phrase, "The walls are made of glass and the curtains of steel."

From the information EXPRESSO gathered among old PCP militants who have been very active within the party (turning now to the outside) so as to benefit from

what they believe to be a "historic moment" to criticize the practices of the "untouchable" people in the leadership, we are left with the conviction that the dissidents are moving in the direction of getting what they consider to be their most important objective passed: internal democracy, the secret vote, and the open debate.

It is, thus, worthwhile to reproduce a few more of the phrases contained in the said documents: "Only those who never had an idea reside in their minds are trustworthy"; "a vague constellation of incorrect principles orbits their space"; "those who never disagreed believe they are free"; "those who only have ideas in secrecy do not want the secret vote".

Furthermore, it seems clear that the supporters of the Vital Moreira group aim to raise some important debates on national and international issues that until now were considered taboo. However, they direct their actions with extreme caution so their intention may not be interpreted as being "right wing." For these militants, the majority of whom have been in the party for many years, "it is the PCP's practices that have been entangled with the objectives of the Right."

The creation of the SIP—"Openness" and the publication of some of dissident communists' guidelines is further aimed at resisting and responding to an intense campaign initiated by the party apparatus within the PCP following the publication of the Vital Moreira supported document. A document that is also supported by many others who currently hold much more important positions in the party hierarchy than those who have been identified in the press, particularly by the weekly O JORNAL.

Among these well known figures are reportedly many members of the CGTP-Intersindical (militants with real power over the party's (and the Left in general) grassroots. It has even been suggested that the movement had its origins among leaders of the labor federation immediately following the resignation, about a month and a half ago, of the PCP official responsible for liaison with the union.

09935

PCP's Casanova Rumored To Be Cunhal's Successor

35420055a *Lisbon TEMPO in Portuguese*
11 Feb 88 p 11

[Text] Jose Casanova, a leading figure in the Portuguese Communist Party, is theoretically the name that arouses the most support and the least reservations among the PCP's traditionalists and the "Vitalists" to replace Alvaro Cunhal as secretary general of the PCP.

TEMPO was able to obtain this information from a member of the party's Central Committee who, despite being an alternate in this committee, fully participates in

all the meetings and who at various times has held important positions within the PCP, specifically concerning intervention at the local government level.

Jose Casanova is a PC leader within the DORL (Lisbon Regional Organization Directorate) where he has been in charge of important party cells, particularly those in intellectual circles.

Casanova's leadership training dates from April 25 although he has been a militant since the early 70's. He has support among the best known apologists of a hard line (Domingos Abrantes, Octavio Pato, Jaime Serra, and Antonio Santo) while at the same time he has maintained close relations with the new generation of communist leaders. He is namely, somewhat responsible for proposing the nomination of Vital Moreira to the PC's central committee which the present communist member of the Constitutional Court has not accepted since the beginning of the 80's.

TEMPO has learned that Casanova's name has been brought forth and discussed in the secretariat and in the political commission of the PCP's central committee. He is the leader who at this time best firms up the equilibrium among "Traditionalists" and "Vitalists" and has the advance support of Alvaro Cunhal.

09935

Constancio's Popularity Rises in Wake of PS Congress

35420056c Lisbon *EXPRESSO* in Portuguese
27 Feb 88 p 6

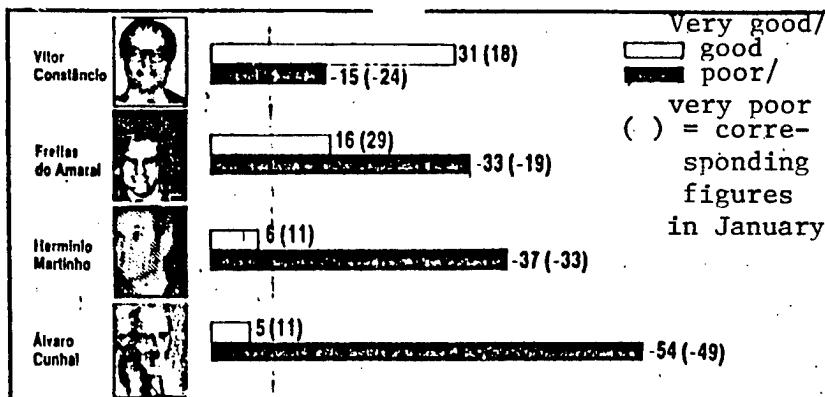
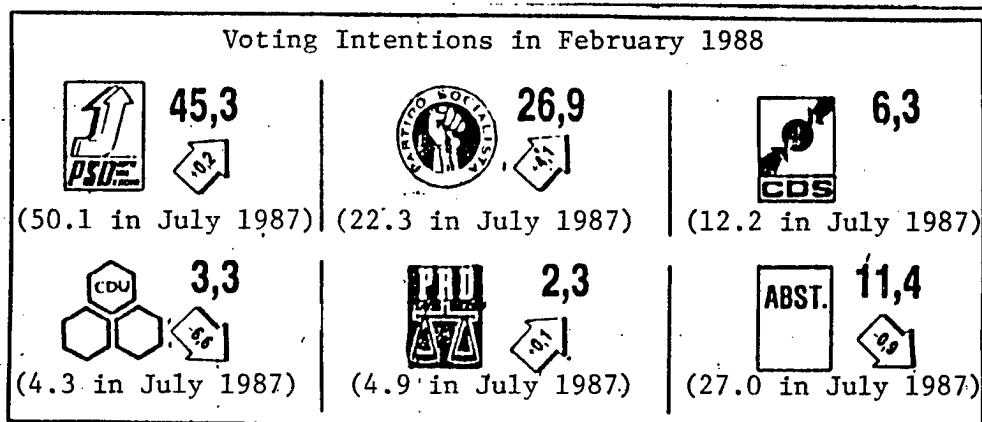
[Text] The PS Congress and the way in which Vitor Constancio strengthened his leadership at that congress are probably the main reason for the sharp rise in the

popularity of the Socialist secretary general. Constancio emerges as the outstanding opposition leader this month and is in fact the only one with a (clearly) favorable balance—his popularity is twice that of Freitas do Amaral, who follows him as a distant second.

The recently returned centrist leader benefited only fleetingly from the impact of his reentry into political life (his popularity levels are now approximately equal to those regularly enjoyed by Adriano Moreira), and it remains to be seen whether Vitor Constancio will be able over the next few months to keep this new momentum which has placed him quite far above his previous popularity scores.

The worsening of social conflicts, particularly in the field of transportation, and the lack of coordination which the Cavaco Silva government has revealed in connection with such matters as the labor laws, the Lajes issue, or the problem of court costs have intensified the trend toward a decline in the popularity of the government, which is now at one of the lowest points ever reached by Cavaco Silva's government teams. As a matter of fact, the prime minister himself is not escaping that erosion of popularity: His popularity has fallen to less than 50 percent, and he is arousing negative opinions among nearly 20 percent of the voters—a level never before reached.

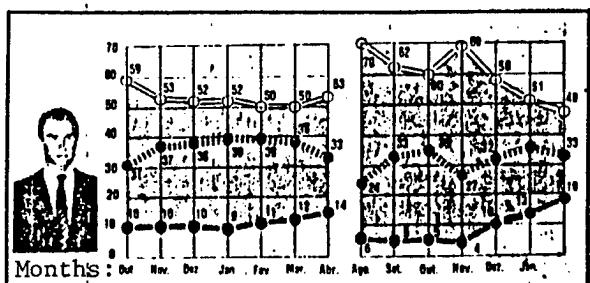
The PSD, on the other hand, seems to have stabilized its previous decline at 45 percent, giving it a comfortable lead of nearly 20 percent over the PS, which registered a slight increase. And the recovery begun by the CDS seems to have stalled at just over 6 percent, showing no change from the January figure.



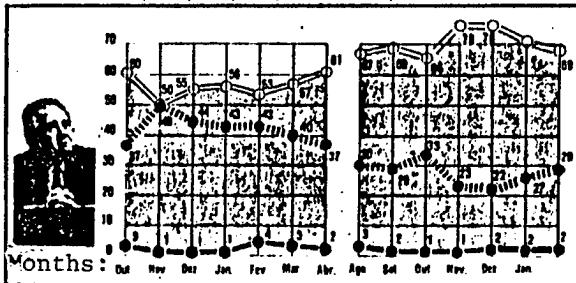
Upper graphic: After last month's sudden 17-point rise, the PSD is staying at around 45%. The distance between it and the PS is now less than 20 points. The change for the CDU is probably due mainly to shifts mentioned previously in these polls.

Lower graph: Vitor Constâncio is now the outstanding opposition leader thanks to a significant 13-point rise. Also remarkable is the drop for Freitas do Amaral, who now has a negative balance of 17 points.

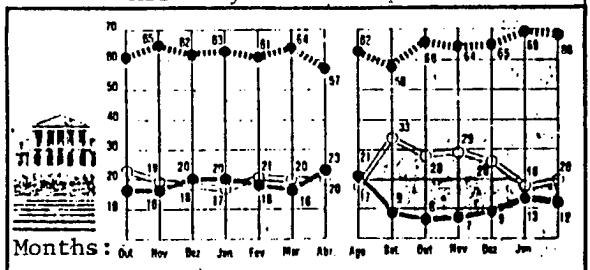
Prime Minister



President of the Republic



Assembly of the Republic



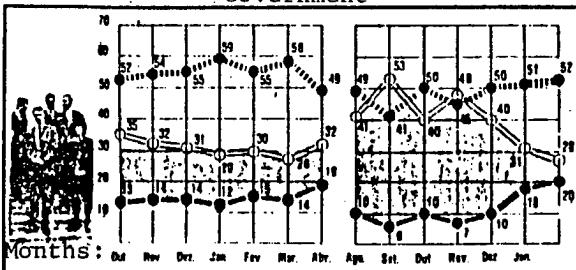
Upper graph: Cavaco Silva has slowed the pace at which his popularity is declining, but he is now below the "psychological limit" of 50 percent.

Lower graph: Opinion is still slightly favorable to Parliament, but that body is still the organ of sovereignty with the least favorable image in public opinion.

Months:

Left-hand graph: Oct through Apr
Right-hand graph: Aug through Feb

Government



Upper graph: Mario Soares still stands out as the most popular political figure at around 70%, with unfavorable opinion at an extremely low level.

Lower graph: The government is still losing much of the popularity it had after the elections of 19 July. It has lost 20 points in 3 months and is now at the lowest level recorded for the first Cavaco Silva government.

11798

17PS, UGT Seen Adhering to Own Separate Policies

35420055c Lisbon EXPRESSO in Portuguese
27 Feb 88 p 3

[Commentary by Jose Antonio Saraiva]

[Text] One of the Socialist Party's problems has always been its weakness in organized labor.

The PS never had the strength in the labor movement that is even comparable to what the English Labor Party, the German SPD, the Nordic social democratic parties, or the Spanish PSOE has in its country.

The Portuguese Socialist Party has always been above all a party of voters.

This reduced its power and greatly limited its influence.

The strength of the socialist and social democratic parties of Europe resides precisely in the fact that they have the strength of the unions behind them and have the ability to use the labor movements to their advantage.

It has never been like this in Portugal.

The world of organized labor, from 1974 until now, has been dominated by the Communist Party which has left the Socialist Party with little maneuvering room.

Nevertheless, a curious phenomenon is now occurring.

It is undeniable that the UGT's importance seems to be on the rise and the Intersindical's influence seems to be diminishing.

However, can it be said that this has redounded in favor of the PS?

I do not believe so.

The Socialist Party continues to be a party that essentially moves in the political sphere.

And the UGT, despite being largely dominated by socialists, has its own objectives and its own strategy which cannot be confused with those of the PS (without mentioning the ambition of its secretary general, Torres Couto, who will not reject the idea of one day leading the Socialist Party).

We can thus say that there are in some ways two socialist currents in Portugal: one political, led by Vitor Constance and the second labor, with Torres Couto leading it.

Both exist with their backs almost turned to one another. Rarely are they able to couple their interests or coordinate their efforts.

One's successes do not result in favor of the other and vice versa.

Equally, both have different relations with the government and the prime minister gives each different degrees of importance.

Cavaco Silva treats the Socialist Party with the same contempt he treats the other opposition parties, often putting it at the same level as the PCP.

However, Cavaco grants special treatment to the UGT.

He holds private audiences with Torres Couto.

He negotiates with him.

Because of Couto, he has agreed to make surprising reversals.

Given all of this, it is noteworthy that Torres Couto's importance in the eyes of the nation is on the rise.

While, for example, the socialist politicians are reduced to little more than protesting, he has been able to get the government to reverse some of its initiatives more than once.

09935

Poll Results Reveal PSD Maintaining Popular Approval

35420056b Lisbon SEMANARIO in Portuguese
6 Feb 88 p 9

[Article by Jose Pedro Barreto; first paragraph is SEMANARIO introduction]

[Text] If the elections were held today, practically nothing would change in the Assembly of the Republic. It should be remembered, however, that the poll was conducted before the CDS Congress and Freitas do Amaral's return as that party's leader.

The people are calm and not thinking about elections at the moment. The next elections (for local government) will be sometime this year, but the date has not even been set. Barring imponderables that no one can imagine, it will be another few years before legislative and presidential elections are held. Because of that, according to the NORMA/SEMANARIO poll being published here, many people have no idea which party they would vote for if asked to do so at the ballot box. And generally, those who do have an opinion see no reason to make any great changes in the choice they made on 19 July of last year.

If legislative elections were held today, the makeup of the Assembly of the Republic would not change, because the percentage of change for the various parties would have little effect as far as winning or losing seats is concerned.

The party with an absolute majority, the PSD, would maintain that position with a minimal loss of 1.4 percent. The Socialists and Christian Democrats would score gains (chiefly the former at 2.3 percent), although it can be expected that Freitas do Amaral's recent election as chairman of the CDS, which occurred after this poll was conducted, would have some effect on voter opinion. It can also be admitted that the upcoming Socialist congress may change (in one direction or another) the current figures for the PS.

Along with the current voting trend, this poll also examines the loyalty of voters to their choices. The results show the constancy of the communist vote in contrast to the fickleness of PRD [Democratic Renewal Party] voters—50 percent of whom would not vote for that party again.

The poll also analyzes transfers of votes by each party's disillusioned voters. Of that group, it is those disillusioned with the PRD who would abstain today in the largest numbers—revealing complete disillusionment. And for the "repentant ones" returning from the legion of small parties outside Parliament, there is only one choice: the government. They all support the PSD, having had enough of lost wars. And they represent nearly 40 percent of those who were unable on 19 July even to get their small parties represented to Parliament.

North Undecided

Most of the interviewees with no answer to give were found in the northern interior region. That is also where the PSD would win the largest number of votes. The reverse is not true, since the PSD gets more votes in Greater Porto (which has the smallest number of undecided voters) than in Lisbon, where there are many people who do not know what to say.

Like the PSD, the CDS is established most firmly in the northern interior—and that, incidentally, comes as no surprise, considering the data on our country's electoral sociology. But this does not prevent the CDS from being slightly outdone by the CDU. The Socialist Party and the CDU (a coalition headed by the PCP) are going to get votes primarily in the Greater Lisbon region (in the industrial belt, services, and so on). And the PRD is spreading mainly along the coast.

As the party with a wide majority, the PSD wins on all the regional fronts covered by the poll. The runner-up is invariably the PS—only in Greater Porto does the heading "other" appear unexpectedly in second place. But that heading covers an undifferentiated group of parties which by themselves would have no parliamentary importance. The CDS, CDU, and PRD alternate positions depending on the region in question. The platoon consisting of those three parties is headed by the CDU in Lisbon, Porto, and the interior (both north and south), while the PRD leads along the coast (note, however, that it gets no votes in Lisbon). The CDS is the most consistent party geographically; it enjoys a modest but balanced vote throughout the territory.

Voting Intentions

Abstention, 14.6 percent; CDU, 8.9 percent; CDS, 4.0 percent; PS, 18.0 percent; PSD, 37.0 percent; PRD, 2.8 percent; Other, 2.6 percent; Blank/void 2.0 percent; No answer/undecided, 24.7 percent.

In addition to the general voting trend, the vertical columns in the tables below show the percentage of voters who, having voted for a particular party in 1987, would either stick with that party today or change their vote. For example, 79.8 percent of the CDU's voters would vote for the CDU again today, 5.8 percent would abstain, 1.9 percent would vote for the CDS, none would vote for the PS, 1.1 percent would vote for the PSD, none would vote for the PRD, and so on. Boldface figures show the percentage of "faithful voters."

TOTAL

Voting intention	Total	Abst.	Previous vote					Other	Blank/void	Too young
			CDU	CDS	PS	PSD	PRD			
Abstention	14.6	41.0	5.8	4.9	3.0	4.1	9.7	-	-	42.1
CDU	7.6	.5	79.8	-	.6	.5	-	-	-	-
CDS	3.4	1.7	1.9	64.3	-	1.9	-	-	-	4.9
PS	15.4	11.3	-	-	74.2	.8	3.8	-	-	2.6
PSD	31.6	10.8	1.1	12.7	3.8	74.1	-	36.7	-	14.7
PRD	2.4	.2	-	-	1.5	1.0	50.1	-	-	-
Other	2.2	.5	2.1	-	-	-	-	63.3	3.8	4.9
Blank/void/ Don't know/ no answer	1.7	1.5	-	-	-	.8	-	-	62.7	-
	21.1	32.6	9.3	18.1	16.8	16.9	36.4	-	33.5	30.7

Greater Lisbon

Voting intention	Total	Abst.	Previous vote					Other	Blank/void	Too young
			CDU	CDS	PS	PSD	PRD			
Abstention	15.1	30.5	8.7	-	-	6.6	100.0	-	-	45.3
CDU	15.8	-	81.9	-	-	-	-	-	-	-
CDS	3.2	4.6	-	65.4	-	-	-	-	-	-
PS	17.7	16.8	-	-	74.9	-	-	-	-	-
PSD	21.5	8.4	-	34.6	3.1	65.6	-	-	-	22.7
PRD	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Blank/void/ Don't know/ no answer	1.4	-	-	-	-	-	-	-	100.0	-
	25.4	39.7	9.4	-	22.0	27.8	-	-	-	32.0

Greater Porto

Voting intention	Total	Abst.	Previous vote					Other	Blank/void	Too young
			CDU	CDS	PS	PSD	PRD			
Abstention	8.0	57.3	-	-	-	3.0	-	-	-	-
CDU	4.2	-	82.9	-	-	-	-	-	-	-
CDS	3.1	-	-	100.0	-	-	-	-	-	-
PS	13.6	5.5	-	-	84.1	-	-	-	-	42.3
PSD	30.9	4.9	-	-	8.2	71.7	-	36.7	-	22.2
PRD	3.1	-	-	-	-	1.3	39.9	-	-	-
Other	17.8	7.8	-	-	-	-	-	63.3	-	-
Blank/void/ Don't know/ no answer	17.5	24.5	17.1	-	7.8	24.0	60.1	-	100.0	35.5

Coast

Voting intention	Total	Abst.	Previous vote					Other	Blank/void	Too young
			CDU	CDS	PS	PSD	PRD			
Abstention	17.5	44.3	10.0	12.5	8.0	4.6	-	-	-	62.8
CDU	3.1	1.2	70.0	-	1.6	-	-	-	-	-
CDS	3.7	1.3	-	50.5	-	3.3	-	-	-	10.9
PS	14.4	7.6	-	-	72.5	.7	-	-	-	-
PSD	36.4	15.2	-	-	4.1	76.5	-	-	-	7.7
PRD	4.2	-	-	-	3.9	1.8	80.0	-	-	-
Other	.3	-	-	-	-	-	-	-	-	10.9
Blank/void	2.3	3.9	-	-	-	-	-	-	49.4	-
Don't know/no answer	18.3	26.5	20.0	37.0	9.9	13.1	20.0	-	50.6	7.7

Northern interior

Voting intention	Total	Abst.	Previous vote					Other	Blank/void	Too young
			CDU	CDS	PS	PSD	PRD			
Abstention	8.0	31.6	-	-	-	.7	-	-	-	7.5
CDU	4.4	-	88.7	-	-	2.1	-	-	-	-
CDS	4.1	-	-	88.3	-	-	-	-	-	-
PS	14.1	13.1	-	-	79.2	2.3	15.3	-	-	-
PSD	38.8	11.8	-	11.7	-	75.5	-	-	-	-
PRD	1.5	1.4	-	-	-	.5	16.5	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Blank/void	2.5	-	-	-	-	2.3	-	-	100.0	-
Don't know/no answer	26.6	42.2	11.3	-	20.8	16.5	68.2	-	-	92.5

Southern interior

Voting intention	Total	Abst.	Previous vote					Other	Blank/void	Too young
			CDU	CDS	PS	PSD	PRD			
Abstention	17.3	53.8	-	-	-	5.6	-	-	-	33.5
CDU	11.9	-	78.4	-	-	-	-	-	-	-
CDS	2.6	-	8.3	-	-	4.4	-	-	-	-
PS	17.2	11.2	-	-	68.7	-	-	-	-	-
PSD	27.9	5.7	4.5	46.5	4.4	76.5	-	-	-	66.5
PRD	2.5	-	-	-	-	-	100.0	-	-	-
Other	1.8	-	8.8	-	-	-	-	-	100.0	-
Blank/void	.9	-	-	-	-	2.9	-	-	-	-
Don't know/no answer	17.9	29.4	-	53.5	27.0	10.6	-	-	-	-

SPAIN

Poll Reveals Public's Dissatisfaction With Government Policies

35480066 Madrid EPOCA in Spanish
29 Feb 88 pp 14-16

[Text] According to the exclusive poll conducted by Sigma Dos for EPOCA, Spanish public opinion gives the administration an overall failing mark, without qualifications, for its policies. The young are the most critical sector.

In comparison to the administration's cocky assessment in its previous message to the Congress of Deputies, the opinion of Spaniards on the course of public affairs is far from positive.

The poll conducted by Sigma Dos indicates that 40.6 percent of the Spanish people feel that the state of the nation is "poor" or "very poor," compared to 18.4 percent who regard it as "good" or "very good" and 37.6 percent who put it in between and answered "so-so."

The result was even worse when the respondents were asked about whether the administration kept its promise to be honest and ethical. Some 52.3 percent said no, and just 12.6 percent yes. In both cases the most highly critical age group was the young, those between the ages of 18 and 29.

Thus, 45.8 percent of young people described the state of the nation as "poor" or "very poor," and 60 percent of them felt that the Socialists' compliance with their pledge of honesty and ethics was "low" or "very low." The age groups most satisfied with the current administration are, in contrast, the "older young" between 30 and 45 and elderly Spaniards over age 65, although overall opinion in these groups is more negative than positive too.

The survey also asked citizens about the administration's policies in certain sectors. The Socialists got passing marks in only one, and just barely: education, where

29.1 percent of the respondents said that their performance in this field was "good" or "very good," compared to 27.6 percent who felt that it was "poor" or "very poor" and 36.9 percent who preferred to label it "so-so."

Spaniards expressed their dissatisfaction when they were asked about unemployment. Some 35.6 percent described the administration's performance as "very poor," and 34 percent said it was "poor." In all, 69.6 percent were unhappy, compared to just 6.2 percent who were satisfied and felt that the policy was "good" or "very good."

The criticism of its performance in other areas was as follows, in decreasing order: 63.8 percent who were dissatisfied with drug policy, compared to 9.9 percent who were satisfied; personal safety, 61.9 as against 7.1 percent; taxes, 54.3 to 13.1 percent; terrorism, 47.9 versus 21.1 percent; health care, 35 to 20 percent.

It is noteworthy that socialist voters fail the administration in the areas of unemployment, personal safety and drugs. Evidence is evidence.

Technical Data

Universe: individuals over the age of 18

Scope: Spain

Sample: 1,000 interviews, with a margin of error of plus or minus 3.2 percent, for a level of reliability of 95.5 percent (sigma two) and p/q equals 50/50, according to the tables of Arkin and Colton.

Selection: random, based on the quota system by sex, age and profession.

Interview: personal.

Date of field work: 17 January 1988

Conducted by: Sigma Dos, S.A.

(1)	¿Qué opinión le merece la actuación del Gobierno en la cuestión de sanidad?						
(2)	TOTAL	HOMBRE (%)	MUJER (%)	18-29 AÑOS (%)	30-45 AÑOS (%)	46-64 AÑOS (%)	65 Y MAS AÑOS (%)
(5)	MUY BUENA	1,1	1,0	1,3	0,9	—	2,0
(6)	BUENA	18,9	15,2	22,6	12,9	16,6	19,6
(7)	REGULAR	42,2	43,7	40,6	45,3	42,7	41,9
(8)	MALA	21,6	23,5	19,9	26,3	23,3	21,0
(9)	MUY MALA	13,4	14,7	12,1	12,8	14,5	12,1
(10)	NS/NC	2,7	1,9	3,5	1,9	2,9	3,4
(11)	¿Qué opinión le merece la actuación del Gobierno en la cuestión de impuestos?						
(5)	MUY BUENA	0,8	0,8	0,7	0,6	0,4	0,8
(6)	BUENA	12,3	13,0	11,7	9,2	14,0	12,1
(7)	REGULAR	28,9	26,2	31,5	34,0	29,9	21,7
(8)	MALA	31,0	32,9	29,0	31,0	34,3	29,9
(9)	MUY MALA	23,3	23,3	23,2	22,9	19,0	29,4
(10)	NS/NC	3,8	3,7	3,9	2,3	2,4	6,1
(12)	¿Qué opinión le merece la actuación del Gobierno en la cuestión de terrorismo?						
(5)	MUY BUENA	4,1	4,6	3,6	3,4	3,7	4,8
(6)	BUENA	17,0	17,6	16,5	15,2	16,9	18,8
(7)	REGULAR	28,5	28,7	28,3	29,7	31,6	23,3
(8)	MALA	21,2	20,8	21,7	19,8	20,6	26,3
(9)	MUY MALA	26,7	26,3	27,0	30,1	24,2	29,6
(10)	NS/NC	2,5	2,1	2,9	1,7	3,0	2,9

Key: 1. What do you think of the administration's performance in the area of health care? 2. Total 3. Men 4. Women 5. Very good 6. Good 7. So-so 8. Poor 9. Very poor 10. Don't know/no answer 11. What do you think of the administration's performance in the area of taxes? 12. What do you think of the administration's performance in the area of terrorism?

(1) ¿Qué opinión le merece la actuación del Gobierno en la cuestión de inseguridad ciudadana?							
(2) MUY BUENA	0,5	0,5	0,6	—	—	1,3	0,8
(3) BUENA	6,6	4,9	8,3	2,0	9,0	7,1	9,6
(4) REGULAR	28,6	27,9	29,3	30,9	32,4	22,5	30,7
(5) MALA	28,9	31,5	26,3	31,1	28,2	25,0	34,6
(6) MUY MALA	33,0	33,5	32,6	34,7	27,6	40,7	23,2
(7) NS/NC	2,3	1,7	3,0	1,2	2,9	3,4	1,1
(8) ¿Qué opinión le merece la actuación del Gobierno en la cuestión de droga?							
(2) MUY BUENA	1,0	1,0	1,0	0,4	0,8	0,8	2,7
(3) BUENA	8,9	7,8	10,0	7,4	11,4	7,4	10,4
(4) REGULAR	23,3	24,3	22,3	27,5	24,4	17,0	27,0
(5) MALA	28,8	31,3	26,3	30,0	31,1	27,5	25,2
(6) MUY MALA	35,0	32,5	37,5	33,5	28,3	44,3	29,6
(7) NS/NC	3,1	3,2	3,0	1,2	4,1	2,9	5,0
(9) ¿Qué opinión le merece la actuación del Gobierno en la cuestión de paro?							
(2) MUY BUENA	0,4	0,5	0,3	—	—	0,8	0,8
(3) BUENA	5,8	4,0	7,6	4,5	7,4	3,9	9,4
(4) REGULAR	22,5	21,8	23,1	19,0	22,9	21,1	30,5
(5) MALA	34,0	37,5	30,4	36,6	39,5	29,0	30,2
(6) MUY MALA	35,6	34,5	36,7	39,7	28,9	42,6	25,5
(7) NS/NC	1,8	1,6	1,9	0,3	1,3	2,5	3,6

Key: 1. What do you think of the administration's performance in the area of citizen insecurity? 2. Very good 3. Good 4. So-so 5. Poor 6. Very poor 7. Don't know/no answer 8. What do you think of the administration's performance on the drug issue? 9. What do you think of the administration's performance in the area of unemployment?

En fechas próximas se realizará el debate sobre el estado de la Nación. (1) En su opinión, ¿cuál es dicho estado de la Nación?							
	(2) TOTAL (%)	HOMBRE (%)	MUJER (%)	18-29 AÑOS (%)	30-45 AÑOS (%)	46-64 AÑOS (%)	65 Y MAS AÑOS (%)
(5) MUY BUENO	1,7	2,2	1,2	0,4	1,1	2,5	3,4
(6) BUENO	16,7	15,0	18,5	13,9	13,8	17,1	26,1
(7) REGULAR	37,6	36,0	39,2	38,0	47,0	35,5	25,0
(8) MALO	25,0	27,2	22,8	31,3	22,9	23,0	21,6
(9) MUY MALO	15,6	16,7	14,5	14,5	11,7	18,4	18,1
(10) NS/NC	3,4	2,9	3,9	1,9	3,5	3,5	5,8
(11) Los socialistas prometieron honestidad y ética en el ejercicio del poder. ¿En qué grado cree que han cumplido esas promesas?							
(12) MUY ALTO	1,0	1,2	0,9	0,5	—	2,0	1,6
(13) ALTO	11,6	10,6	12,6	6,0	13,3	10,5	20,8
(14) MEDIO	32,2	29,3	35,1	32,0	35,7	31,0	29,1
(15) BAJO	27,5	31,4	23,5	33,3	29,4	23,6	22,1
(16) MUY BAJO	24,8	26,2	23,5	26,7	19,0	29,6	21,7
(17) NS/NC	2,8	1,3	4,4	1,5	2,7	3,2	4,7
(18) ¿Qué opinión le merece la actuación del Gobierno en la cuestión de enseñanza?							
(5) MUY BUENA	2,1	1,2	2,9	3,0	1,3	1,7	2,5
(6) BUENA	28,0	26,0	30,0	20,3	29,0	33,4	28,3
(7) REGULAR	36,9	39,3	34,5	37,0	43,6	29,5	40,5
(8) MALA	14,7	17,4	12,1	18,7	13,9	13,4	12,0
(9) MUY MALA	12,9	10,7	15,0	19,1	7,3	13,4	10,4
(10) NS/NC	5,4	5,4	5,5	1,8	4,8	8,6	6,3

Key: 1. The debate on the state of the nation will be held soon. In your opinion, what is the state of the nation? 2. Total 3. Men 4. Women 5. Very good 6. Good 7. So-so 8. Poor 9. Very poor 10. Don't know/no answer 11. The Socialists promised honesty and ethics in the exercise of power. To what degree do you think they have kept those promises? 12. Very high 13. High 14. Medium 15. Low 16. Very low 17. Don't know/no answer 18. What do you think of the administration's performance in the area of education?

FINLAND

Minister Cites Need for Parliamentary Defense Panel

36500079a Helsinki HUFVUDSTADSLADET
in Swedish 8 Mar 88 p 4

[Article: "Norrbäck Longs for Parliamentary Defense Committee"]

[Text] [STT] Defense Minister Ole Norrbäck has repeated his proposal that a parliamentary organ should be appointed to plan defense policy. The opposition parties should also be included in the organ. Norrbäck believes that this matter is especially important right now because decisions on comprehensive acquisitions for the armed forces are soon to be made.

When he opened a nationwide defense course in Helsinki on Monday, Norrbäck stressed that there should be wide unity on the defense policy decisions. In his view, a special forum for this is needed.

Currently there is no sitting parliamentary defense committee. The highest advisory organ for defense issues is the Defense Council where—incidentally—the opposition has not appeared. Seven ministers and—among other officers—the highest armed forces leadership are on the present Defense Council.

/12223

Forces Commander Wants Better Officer Training

36500079b Helsinki HUFVUDSTADSLADET
in Swedish 8 Mar 88 p 4

[Article: "Higher Level of Military Training"]

[Text] [STT] The Commander of the Armed Forces, General Jaakko Valtanen, stated that the training level is to be raised.

Valtanen, who spoke Monday in Helsinki as the 107th nationwide defense course was opened, pointed out that it is the goal that academic training for officers is to be entirely comparable with that of other academic training.

Training of professional officers is to be modernized in all aspects, so that it will correspond to the university level. Alongside the academically-trained officers, the defense establishment will accordingly have an officer corps with university education during the next decades.

Valtanen confirmed that some personnel are becoming frustrated over the slow pace and the low level of the training characteristic of the type they receive in the military. However, there are no plans to divide up personnel in accordance with the level of their prior

education, stated Valtanen. Such a solution would be inappropriate from the societal standpoint, and would even be undemocratic, he asserted.

He emphasized, however, that attempts are being made to take into consideration civilian training/education to an ever greater degree, as well as to raise the pedagogical level of military training.

A study is currently being conducted on officer training. At the same time, the possibility of doing doctoral work at the War College is being studied, Valtanen said.

/12223

FRANCE

Contract Awarded for New Tank Turret Computer

35190045b Paris ELECTRONIQUE ACTUALITES
in French 12 Feb 88 p 6

[Text] CGA-HBS, a subsidiary of Alcatel, has been advised by the GIAT [Ground Forces Industries Group] of the initial installment (Fr30 million) on a first contract totaling Fr136 million to develop, industrialize, and supply the first units of the electrically-powered-turret-control computer for the Leclerc AMX tank with which the French Army is to be equipped by the dawn of the third millennium.

The tank's sighting-turret's servomechanism enables rapid, very highly accurate fire while on the move, despite the irregularities of the terrain and the maneuvering of the tank. The computer that controls the turret's movements, therefore, must take into account numerous parameters and be extraordinarily fast. The feasibility of the project was demonstrated in 1983 and the first prototypes successfully tested in 1986. Deliveries should begin between now and the spring of 1989.

The success of this project confirms the innovative capacity and very considerable know-how of the CGA-HBS's teams in the realm of real-time computing involving operations in nonlinear variables and under severe environmental conditions. These same performance requirements govern the design of the company's automatic control system for minesweepers and dynamic anchorage system for offshore drilling platforms. These systems provide positioning accuracies to within a few meters, despite the effects of winds, swells and currents.

9238

Army Conscripts Showing Higher Levels of Education
35190045a Paris *LE FIGARO* in French 29 Feb 88 p 8

[Article by Lucien Miard]

[Text] Conscripts are more intelligent and show higher levels of scholastic attainment today than 30 years ago, according to INSEE [National Institute of Statistics and Economic Studies].

"The intellectual level of draftees, all of whom are put through 3 days of testing prior to their induction into the Army, has continually risen over the past 30 years or so. For one thing, a larger number of these young men have high school diplomas. Furthermore, at equal levels of education, their performance under testing is as good as, and even better than, before." These are the conclusions of an INSEE study carried out by two sociology professors, Christian Baudelot and Roger Establet.

These results contradict the alarmist view of a catastrophic drop in the educational level of the population. Thus, as in the case of all modern countries, France's investments in the education of our youth are bearing fruit, and in the view of economists the general rise in educational levels is a reality whose effects are incontestably positive.

The study, centered on the results of the tests going back to the 1982 draftees as compared to those of 1967, finds a significant improvement in the general average. For the same tests and using the same grading scheme, the 1982 draftees attained a score of 13.5 versus the 1967 draftees' score of 10. The number of youths exceeding the score of 10 increased by 62,000 individuals among a total of 400,000 draftees.

Scholastic Baggage

According to the two sociologists who carried out this study, it certainly cannot be said that the students who have passed their baccalaureate don't know the arithmetic of fractions. "They are far more numerous than in 1967, and their scholastic level is higher than that of their counterparts of 20 years ago." However, the finding is negative for the intermediate levels of diplomas (CAP [certificate of vocational aptitude], BEP [certificate of completion of vocational studies], BEPC [certificate of completion of first stage of secondary education]). There are more holders of these certificates but their average score is lower.

On the other hand, the "uncertificated" are lesser in number but better on average. These young men, equipped with the least scholastic baggage, showed improved performance, in that, according to the INSEE study, they contributed in modest but perceptible degree to the increase in scores higher than 10 and even equal to or higher than 15. At the lowest

level, scholastic attainment has improved; less young men are completely devoid of scholastic baggage, and those who are the least so equipped nevertheless scored higher than their counterparts of 20 years ago.

According to Christian Baudelot and Roger Establet, "The 'certificate of first-stage studies' is the modern form of scholastic failure." The number of holders of this initial diploma lessened considerably between 1967 and 1982. Almost half an age-class were holders in 1967, versus one-fifth in 1982. This decrease was accompanied by a qualitative definitional change. The final first-stage studies examination was at the apogee of its success in 1967-1968. It involved, at that time, taking one year with another, some 470,000 trainees. During the 1970's the candidates for this examination were no longer being prepared for it in specifically-designed classes for this purpose. Today, the candidates come from all levels of non-completed [first-stage] studies. In other words, all the modern forms of scholastic failure are grouped at this level.

The report contains another reassuring point: Illiteracy is on the decline. In effect, it finds that the number of conscripts at the very bottom of the grades scale is diminishing. In 1912, almost 30 years after the Jules Ferry laws, over 4 percent of the draftees were unable to write their own name. This figure dropped to 0.76 percent of the draftees in 1984 (it was close to 17 percent in 1880).

The measure of illiteracy is more difficult. If to the number of those who couldn't write their own name is added that of those who experienced great difficulty in reading and writing (illiterates and semi-illiterates), in 1961, the Army estimates their proportion to be 10.5 percent of the contingent. And in all probability this ratio has remained constant throughout the population, even though the trend is a declining one among the youngest.

9238

SWEDEN

Army Chief, Forces Commander on Funding Constraints

Army To Disband Regiments
36500077 Stockholm *DAGENS NYHETER* in Swedish
2 Mar 88 p 12

[Article by Bengt Falkkloo]

[Text] No regiments in Norrland will be disbanded if the Army commander in chief has his way. On the other hand, southern and western Sweden will be affected when nearly 10 Army units disappear within the next few years.

Next week the Army commander in chief, Erik G. Bengtsson, will present his first proposal on how the Army will look in the future. It calls for a completely new Army structure with various "kinds" of soldiers.

The Army must become more effective and money must be saved. The Navy and Air Force have both reorganized already, but now the largest service will also have to improve.

The Army staff does not yet want to say which Army units may be affected. The last time the subject came up—a few years ago—the units involved were I-3 in Orebro, some infantry regiments in either Eksjo or Vaxjo, Uddevalla, and some in Skane. There was also talk of combining various units.

When General Bengtsson completes his report, he will submit it to the OB [supreme commander of the armed forces], who will go through it and then send it back one more time for review.

The OB's final proposal is to be completed early in June, and it will then be turned over to the government the week after the election this fall.

This means that a legislative bill cannot be submitted to Parliament before next spring.

The Army commander in chief has already said:

"The Nordkalotten [the Arctic area of the Nordic countries and the Kola Peninsula] is of special interest!"

Hardly any major changes will be made there or in the lower Norrland and eastern military commands.

But the shutdowns and changes are not only a consequence of the financial problems. According to the Army commander in chief's proposal for a new Army with different categories of units, training periods and the wartime organization will also be changed.

Forces Commander Cites Alternatives
36500077 Stockholm DAGENS NYHETER in Swedish
6 Mar 88 p 13

[Article by Anders Ohman]

[Text] Military authorities have produced the necessary factual data so that the politicians can put a price tag on antisubmarine defense. The question now is whether defense funds will be used to resolve the peacetime crisis represented by the submarine intrusions or whether the wartime capability of invasion defense is the important thing.

That is what DAGENS NYHETER has been told by General Bengt Gustafsson, supreme commander of the armed forces [OB]. The OB delivered a speech to

1,200 Women's Defense Group members from 540 women's defense districts at the People's Hall in Stockholm on Saturday. Afterward, DAGENS NYHETER asked him to comment on the government talks now underway concerning the possibility of additional funds for antisubmarine defense. According to the latest reports, the government is willing to spend an additional 250 million kronor—representing a substantial pruning of the OB's request for 1.7 billion kronor over a 4-year period.

Bengt Gustafsson said: "Deciding whether dealing with the peacetime stress to which Sweden is being subjected at the moment is more important than the capability of our invasion defense in a future wartime situation is a political question."

In Two Stages

The OB feels that he has tried to be as thorough as possible in answering the government's question about how antisubmarine defense can be improved. His proposal calls for a two-stage solution for antisubmarine defense in which the Navy will get an additional 250 million kronor with which to meet the goals in the defense decision. Beefing up personnel will provide more staying power by increasing the time that can be spent at sea. The OB's second stage calls for more ASW aircraft so that two antisubmarine operations can be carried out simultaneously. To implement the two-stage model for antisubmarine defense while also taking the steps called for in the defense decision, the OB wants 400 million kronor per year through 1992. He is also willing to consider making money available for antisubmarine defense by reshuffling other orders for materiel.

The Ministry of Defense has previously questioned the OB's arithmetic, saying that there is no extra money for implementing the defense decision.

There is some indication that the politicians have understood the military's line of reasoning, says the OB, who is thinking of asking the politicians to move the date of the next defense decision forward instead of waiting until 1992 so as to deal with the military's strained economic situation. Advancing the date of the next defense decision would also be linked to the situation in the Swedish defense industry and the military's need for new Swedish-manufactured weapon systems.

Make Demands

The will to resist and the volunteer movement's great importance in keeping that will alive were the OB's topic in his speech at the 39th National Conference of the Women's Defense Group.

"Continue to develop your distinctive character," said the OB, and he urged the women to demand that the heads of the armed services give them new missions in the wartime organization. The general promised to support such initiatives.

The Women's Defense Group is currently involved in an intensive recruitment drive and is looking for women "with the right stuff" who want to do their share. The target group

consists primarily of women between the ages of 18 and 28 years, and 25,000 recruitment brochures have been sent out in a direct advertising campaign.

Anita Brakenhielm, chairman of the Women's Defense Group, presented the OB with a white jersey with the words "Women's Defense Group" on its front. To the delight of the assembled members of the Women's Defense Group, Gen Gustafsson thanked her with two highly unmilitary kisses on the cheek.

11798

AUSTRIA

OeVP's Khol on Scenario for Joining EEC

[Editorial Report] Vienna EUROPAEISCHE RUNDSCHAU in German Winter 88 carries on pages 11-18 an article by Andreas Khol, director of the Political Academy of the Austrian People's Party (OeVP), about his vision of the steps Austria should take to join the EEC. He first gives reasons for these steps: "The vital opportunities of the coming generations are being formed in this Europe [the EEC]; whoever is not involved damages the vital opportunities of the Austrians: export and import, common environmental policy, common research policy, European transportation policy: all this is decided in Brussels among the partners of the European Community." Therefore, Khol sees membership in the EEC as the long-term goal. To attain this goal, he sees the necessity of concluding seven individual treaties with the EEC, covering the European Monetary System, the EEC internal market, agricultural policy, transportation, technology, the European passport, and political cooperation. All these areas are to be incorporated into an overall "European treaty," which "will give the right signal." Khol rejects the possibility of applying for membership immediately, arguing that the process would take too long and that Austria "needs time to be ready for Europe." Finally, he disposes of several objections to possible EEC membership (in the long term) by stating that the EEC is distinct from NATO, that the Austrian State Treaty would not be affected, and that Austrian participation in the Council of Europe and EFTA is useful but not sufficient to assure Austria its place in Europe.

/06662

FEDERAL REPUBLIC OF GERMANY

CDU Representative Sees Possibilities for Ruhr Area

36200072 Duesseldorf WIRTSCHAFTSWOCHE
in German No 7, 12 Feb 88 p 37

[Article by Dr Norbert Lammert, member of Parliament, chairman of the regional Ruhr area CDU association: "Future for Ruhr Area"]

[Text] 1. The Ruhr area continues to be Germany's largest and most important industrial region; its productivity is higher than the FRG average, noticeably higher than that of Baden-Wuerttemberg and Bavaria. But for years it has been more concerned with its past than with its future. Germany's largest industrial region must look different tomorrow from yesterday and today if the Ruhr area is to regain its former vitality. Particularly in view of the acute problems of the coal and steel industries, modernization of the Ruhr area must be the central

theme and concern. This also holds true for the European coal and steel conference called by the Federal chancellor, which must not confine itself to European coal and steel problems in the narrower sense.

2. The future of the Ruhr region is quite definitely not based on coal and steel. A future-oriented regional policy must be characterized by the guideline that structural change is inevitable, and simultaneously must take place under conditions avoiding abrupt breaks in development. That is the line of economic reason and practical solidarity. The "moratorium" proposed by the Social Democrats and trade unions for slowing down the process of change in the steel industry is certainly not an appropriate contribution to regain the performance power and economic dynamism in the industrial heart of the FRG.

3. The Ruhr area can maintain its classic function as the most important energy center of the FRG and Europe only if neither coal nor other modern energies are relinquished. Re-establishment of a reliable combination of coal and nuclear power is of vital interest to the Ruhr area as the future location of a modern energy industry; at the same time, it is the prerequisite for a lasting, competitive price level of energy.

4. Entry into the future of the Ruhr region cannot begin by abandoning nuclear power. The high temperature reactor in Hamm with its technological options for improved utilization of coal becomes the crucial test for a future-oriented regional economic promotion in the Ruhr region, which can become credible and effective in the long term only if the grotesque, contradictory and disastrous course of the Social Democrat state government is corrected, which rhetorically fosters, and politically blocks, modern technologies.

5. The structural problems in the economy of the Ruhr region do not stop at the city limits. For this reason, regional cooperation is needed to stimulate the economy, eliminating unproductive behavior of individual cities and districts vis-a-vis each other as well as the impenetrable jungle of support programs which now number well over one hundred.

6. The Ruhr area does not constantly need new programs. In general, the region suffers not from a lack of support, but from a lack of imagination, a lack of regional cooperation, and notorious neglect of small and medium-size enterprises. The largest part of assistance for mining industries continues to be concentrated on a few large companies, although far more than half of all workers are employed in medium-size enterprises.

7. The economic and regional policy is neither called upon nor in a position to discover or even determine future economic developments, new structures, or even products. Rather, it must remove development barriers

and create space so that people and enterprises can find and utilize their development and market opportunities. That is the true requirement for action and catching up in the Ruhr region.

8. The Ruhr area needs concrete political decisions to optimize its infrastructure. This concerns the necessary completion of autobahn stretches which have been blocked for years, an adequate tie-in of the Ruhr region with the international airport in Duesseldorf, and linking this, the largest of the FRG's economic regions, with the high-velocity lines of the Federal railroad system. For the pilot stretch of a magnet railroad line intended by the federal government, the connection between the economic areas of the Ruhr region, Frankfurt and Mannheim is exceptionally well suited.

9. The federal government and the state of North Rhine-Westphalia should jointly examine whether an FRG application for the organization of one of the future world exhibits might not offer a special opportunity for the Ruhr area to unleash creativity and imagination and to give a new profile to this economic region, internationally, under changed conditions. In this manner, the restructuring of the Ruhr region from a classic industrial area based on primary industries into a modern, high-performance economic area could be both accelerated and demonstrated effectively. This also holds true for the Ruhr region's application to organize Olympic Games.

10. The unusual breadth and quality of cultural institutions in the Ruhr area are among the outstanding positive factors of the region which must be maintained and developed. Under the changed financial conditions, this must be understood as a joint task of the entire region whenever the financial strength of an individual city as carrier of a cultural institution of supraregional importance is overtaxed. More than anything else, the Ruhr area needs new self-confidence: Self-pity must stop, whining must cease! Not only does the Ruhr area have a great past, it also has a great future ahead, if the widespread faintheartedness is finally overcome and hidebound attitudes are avoided.

9917

FINLAND

Economic Restructuring Taking Toll in Unemployment Figures

36500073 Stockholm DAGENS NYHETER in Swedish
4 Mar 88 p 11

[Article by Stefan Lundberg: "Shock Wave of Unemployment in the Capital of 'Impoverished Finland'"; first paragraph is DAGENS NYHETER introduction]

[Text] Joensuu. It is barely eleven o'clock, but spirits are already high both at "The Teamster" and "The Hip Pocket." The idlers and the unemployed of impoverished Finland's capital Joensuu in Norra Karelen are assembled here. All the tables in the small beer halls are occupied by men sipping beer or a weak blend called "sahti."

Nine percent of the inhabitants of the area are unemployed. Incomes per capita are half of what they are in wealthy southern Finland. The poorest counties are still farther to the north.

Seated near the center of the "Hip Pocket" is Heikki Turunen, country author and a favorite son of Norra Karelen. It was he who succeeded in describing the hard struggle for existence by the inhabitants of Norra Karelen. Those who in the sixties moved by the tens of thousands to southern Finland and Sweden, or to Joensuu from the surrounding countryside. It was then that Finland broke all records for the depopulating of the countryside.

Doors Closing

Now a new shock wave is washing over these people: one after another large industries are closing their doors—even those that are making a profit.

"Be a nice guy and lend me 20 markkas, Heikki," appealed one of the beer hall customers to the author.

"No, you'll have to borrow from somebody else today. I have let you have several hundred recently," said Heikki Turunen definitely, and slammed his fist on the table. He got a horse laugh from the woman across the table.

Turunen is popular with the 50,000 inhabitants of Joensuu. Especially here among the unemployed. He is one of them, but one who has made it. His work has been translated into several languages. He writes so that everyone can understand. It would not be popular to break with Turunen as our spokesman.

Heikki Turunen took us to the large saw mill which was almost in the center of the town by the river which ran through the town.

"Hi there," called Turunen to a small man who came to meet us. "How long will you remain here at the saw mill?"

"Until the end of April. Then we are all leaving," replied the man, but he increased his pace when he saw the camera.

Deep Shame

Unemployment, and how common it is up here these days, is a sensitive issue. There are too many people who have been accustomed to working since they were children.

In the warmth inside the power plant stood Raimo and Paavo and several others. Raimo and six of his fellow workers will remain on their jobs after the end of April. The power plant is needed to heat the housing area, but the saw mill with its 180 employees will close.

The men around us were not old, the oldest was 48. But they appear older. Almost all have some industrial injury. Lost fingers, or the loss of an eye. Most appeared to be too old for the labor market. The saw mill is 116 years old, also too old for work.

"The saw mill was purchased from Schauman AB to be scrapped. But then it was reconstructed for tens of millions of markkas—the last jobs were completed last summer—and now it must be shut down," said the oldest of the team, Paavo Vinni.

Concentration

Neither he nor the others believe that the saw mill is not profitable. The workers believe that management knowingly made the mill unprofitable by producing inferior products which did not suit the market. In that way they could better justify the closing.

"The bankers and stock market speculators want to concentrate the forest industry. Whether or not that is practical is not important."

Inside the mill the workers stand around with their hands in their pockets. Motivation to work is at a low point. The knowledge that it will all be over soon has caused an increase in psychosomatic complaints. People get sick. But most of the employees must work at full speed until the last minute. Their unemployment compensation depends on their last piecework wage.

"I am too old. It is easier for me to get seven right numbers in the lotto than to find a new job," said 48-year-old Paavo.

The head shop steward Pauli Suvanto agrees.

"People 35-40 years of age are already too old for our labor market. One should be 25, have 10 years of working experience, and be prepared to move south. Then he is OK."

A few years ago nobody could dream that the saw mill, located in the midst of Finland's largest industrial forest, would be shut down. "If anyone had said such a thing he would have been ridiculed," laughed the men around us.

"We have called upon everybody but the president. They just have understanding smiles to offer," said Pauli Suvanto.

The saw mill is just one example of an industry which is "inexplicably" being shut down. Nearby is an empty window factory where 200 lost their jobs.

Last fall 500 of the country's most influential men and women assembled under the leadership of Prime Minister Harri Holkeri for a giant "unity" meeting in Joensuu.

The students bombarded the "gentlemen" with tomatoes, and at "The Teamster" and "The Hip Pocket" they emptied their mugs with an oath. Heikki Turunen cursed like a trooper on TV.

"How dare they come here and make fun of us," said Turunen.

Powerless

Joensuu is the symbol of the changing power structure in Finland. The concept of "economic restructuring" was originated by Harri Holkeri when the government was formed at the end of April 1987. Today the term is just as worn out as the term "perestroika" is, 50 miles east of Joensuu.

"It is a swear word in this part of the country," said Pauli Suvanto.

Civil servants and municipal politicians feel powerless. The managing director of the provincial association Osmo Kuivalainen has a nightmare that four of five Finns will live within Ring Road III around Helsinki.

"From a standpoint of defense, Finland must of course have a fairly evenly distributed population."

Kuivalainen also criticizes the government for requiring the postal and railroad services to support themselves through profits. He recommends strict economic limitations intended to stop the expansion of the capital, which is taking place at the expense of the rest of the country.

Osmo Kuivalainen is more optimistic than his friend Heikki Turunen. He believes that the countryside will again be attractive, that perestroika in the neighboring country will bring both tourists and jobs to Norra Karelens.

"I am more realistic, I believe that everything is going to hell. It is not enough that we come to the gentlemen in Helsinki with our caps in hand. We should come with axes and power saws," thundered Turunen.

Neighbors by his side at the table approvingly raised their glasses.

Surprising industrial closures are taking place in all parts of the country. The sailing paradise of Hango on the country's southernmost cape is no exception. From the water tower over the quiet winter city one can see smoke rising from the steel mill at Koverhar which employs 500 men. That is a lot for a city with 12,000 inhabitants.

In three years at the latest the mill will be shut down, since the owner, Rautaruukki, has decided to build a similar mill in Brahestad on the west coast where they already have large installations.

Consolidation

Koverhar is a victim of a long series of business consolidations, as is the saw mill at Joensuu. The employees do not understand how people can consider shutting down a factory when the books are showing a profit.

Welder Stig Sundman, 57, has worked here since 1963. When we go home with him from the factory we pass rows of attractive newly built houses in Lappvik which are adjacent to the plant. Most who live here are employees of Koverhar, and most have debts of 100,000 kronor or more on their homes. There will be no replacement jobs when the mill shuts down.

"It will be a hard blow for Lappvik when Koverhar is shut down. There is nothing else here, and what will people do with their houses? Who will buy them when there is no work here?" said Stig Sundman.

09287

FRANCE

Business Prospects Brighter for 1988

35190046b Paris *LE MONDE* in French 2 Mar 88 p 44

[Text] The INSEE [National Institute of Statistics and Economic Studies] admits in its latest economic report that economic activity in France is stronger than expected. A sin confessed is a sin half pardoned!

It is true that 2 months ago, the INSEE quite clearly ruled out the possibility of a recession following the October stock market crash. But a threat—somewhat vaguely defined with regard to timing—was nevertheless left hanging in the air: our exports were going to be curbed someday because worldwide growth would slow down. But for the immediate future—that is, roughly, until the summer of 1988—there was not a lot to fear as far as the French economy was concerned, except that household demand, after jumping up sharply (consumption rose by 3.4 percent in volume in 1987 [as published] and again by 2.4 percent in 1987), was going to slow down. In short, activity had reached a high level in the autumn of 1987 and was therefore going to mark time.

That is not how things happened. Expansion continued through the end of 1987—at a slower pace, to be sure, but continued nevertheless—and French GDP rose by 2.1 percent in both 1987 and 1986. While not fabulous—they were not enough to trigger the start of a decline in unemployment—those rates were nevertheless almost comforting after the mediocre results from 1983 through 1985.

It is primarily industrial activity which is pulling growth along and profiting from it. The INSEE index, which keeps track of the changes, markedly exceeded the 1980 level for the first time at the end of 1987 and the beginning of 1988. Between the fourth quarter of 1986

and the same period in 1987, industrial production jumped by nearly 3 percent. Household consumption continued strong in January.

Employment itself, which for years has suffered so much from the austerity which France has had to accept in order to restore its equilibriums and improve its productivity, is stabilizing. In that area, stabilization means improvement. The number of wage earners has not declined for 2 years thanks to new hiring, particularly in construction, where the situation is good, and in commerce. The introductory training courses for vocational life have also played their role. And total employment (hourly and nonhourly workers) has also stabilized.

Additional Imbalances?

That news is quite good as far as activity is concerned, but are we going to have to pay for it with additional imbalances? The question must be asked, of course, because while our foreign trade was in balance in 1986, it dropped back into deficit last year (by 31.4 billion francs). The same is true of our payments on current account, which were out of balance by 25 billion francs after showing a 20-billion-franc surplus in 1986. That development is all the more disturbing in that it has its origin in the sudden deterioration in sales abroad of our manufactured products, which traditionally show a surplus.

The INSEE emphasizes the loss of market share suffered by France throughout 1987, but it points out that during the second half of the year, our exports advanced more rapidly than world demand, which accelerated last year (+5.8 percent in the case of manufactured products, which had already shown a 3.3-percent rise in 1986). All is not lost, therefore, and the INSEE estimates that our sales abroad, "which reached a high level by the end of 1987, may increase even further in parallel with world demand." This year's trade deficit might be smaller than expected.

The fact that the external imbalances have not grown worse is due to the drop in wage costs per unit produced. That drop—the first in 10 years—is due to wage restraint and productivity gains. And with that, the progress achieved by France in bringing down inflation is going to be consolidated. The INSEE notes the drop in oil prices (\$17 per barrel during the first half of the year and \$16 per barrel in the second half) and is gambling on a stabilization of the dollar at 5.60 francs. As a result, the INSEE is lowering its forecast of price rises during the first half of this year from 1.8 percent to 1.5 percent.

The basic problems remain, but the short-term outlook has brightened.

11798

Editorial Discusses Causes of Foreign Trade

Deficit

35190041c Paris *LE MONDE* in French 1 Mar 88 p 38

[Editorial by Jules Stoffels, member of the Grand-Ducal Institute of Luxembourg]

[Text] France's foreign trade deficit, which necessarily affects interest rates and the position of the French franc within the EMS [European Monetary System], cannot leave France's neighbors indifferent. More than ever, Europe's uncertain political and economic situation requires the presence of a dynamic and competitive French economy.

As far as the deficit in the balance on industrial products is concerned, and contrary to what has been said in some quarters, it is not always quality and/or price that hampers exports of French products to neighboring countries. Some products, of excellent quality and competitive in price, are not being sold in sufficient volume because of the "imperfect competition" which puts them at a disadvantage.

Among the many factors responsible for a lack of fluidity on the demand side, we should mention the important role played by the reputation that a foreign supplier achieves through that enjoyed by his brand name and the quality of after-sales service. For example, almost all the domestic appliances sold on the Luxembourg market are of foreign origin. Advertising on that market often reflects the differences which exist in the areas of presentation, form, color, or simply packaging.

Some foreign producers, particularly those in the FRG, keep their brands in the public eye on the Luxembourg market through skillful advertising which takes into account certain of the country's specific psychological and sociological characteristics. This is true to such an extent that from his earliest years, every Luxembourg child is familiar with the names of Siemens, AEG, Bosch, and so on, but has heard nothing or very little about the names of the major competing French brands. Attachment to a manufacturer's reputation—the cult of brand names—often determines a customer's choice.

Anonymity

Constant advertising, the permanent presence of West German firms on the spot, and especially their after-sales service characterize the dominant position of West German—and many other—domestic appliances on the Luxembourg market. The intrinsic value of the product and its price are not the only determining factors. For example, Siemens, the AEG, Bosch, and others maintain permanent warehousing, display, and sales facilities in Luxembourg and have their own departments for providing fast and meticulous maintenance and repair service (with spare parts in stock locally and personnel specializing in the firm's technology).

In the case of most of the competing French products, sales and service are in the hands of retailers who, in addition to French products, also offer products from numerous competing countries and who do not have the same warehousing, advertising, and specific servicing capability that West German firms do. French products that are of excellent quality and competitive in price are engulfed in anonymity and neglect. Fortunately, the same is not true of the automobile industry. Peugeot and Renault, which maintain display, advertising, sales, and service facilities equal to those of their foreign competitors, have a very high turnover figures.

The chronic deficit in France's trade balance with Luxembourg is also due in part to imperfect competition in the area of electric energy. For years, the absence of a tie line between the EDF [French Electric Company] and CEGEDEL (Luxembourg Electric Company) has prevented Luxembourg from signing supply contracts with France, even though the EDF's rates are much more attractive than those offered by its competitors. When will such a line come into being?

11798

Report on 1986 Service Sector Activities

35190046a Paris *LE MONDE* in French 2 Mar 88 p 44

[Text] In 1986, the service sector comprised 481,000 firms, employed nearly 2.4 million people, and reported a turnover of 741 billion francs and a margin of 533 billion francs, according to the INSEE [National Institute of Statistics and Economic Studies] (1). The sector invested 73 billion francs, nearly half of which (46 percent) was invested by the 26,000 real estate firms. For their part, activities concerned with studies, consulting, and assistance accounted for 27 percent of the sector's firms, 39 percent of its jobs, and 44 percent of its turnover.

The same disparity existed in operating results: the annual profit per employee was on the order of 100,000 francs in various household service firms, but it exceeded 1 million francs in the case of office equipment leasing. The INSEE's note adds: "And the average hourly wage, which was less than 30 francs in hairdressing salons, exceeded 100 francs in film production activities." It is true that the former had 56,000 "employers" and 90,000 "employees" (including 16,000 working part time), while the latter had 1,344 "nonwage earners" and 24,000 "wage earners" (including 20,000 working part time).

Service sector exports showed mediocre results, and the reason, according to the INSEE, was the drop in prices for "salvaging" and the slowdown in turnkey engineering projects: technical engineering firms reported only 23 percent of their turnover as coming from business abroad, compared to 34 percent in 1985.

Footnote

1. INSEE, "First Results," No 116, February 1988.

11798

Slow Growth Remains Problem in Agricultural Sector

35190041b Paris *LES ECHOS DE L'ECONOMIE*
in French 10 Feb 88 p 9

[Text] French agribusiness will show a favorable trade balance of 31.7 billion francs for 1987, a 12-percent improvement over 1986. It is true that there was a noticeable downturn in trade in 1986, when the surplus dropped to less than 28.3 billion francs as a result of a 5-percent drop in exports and a 1-percent decline in imports. That slowdown followed several years in which the surplus had risen steadily after first appearing in the early 1970's. But in terms of constant francs, we are still far below the excellent results achieved in 1980 and 1981.

So 1987 can be classed as a good year even though its performance was a real surprise. The first 6 months of the year led people to suppose that the trend noted in 1986 was continuing under the impact of slower sales of cereals and some faltering in the market for wine and spirits. Trade began to recover in July, basically as a result of big contracts for the sale of cereals and oilseeds. But it is noted that exports of wines and spirits also recovered momentum during the second half of the year, with sales to Europe making up for a U.S. market that was hesitant to say the least.

For the first time, wines and spirits are the sector showing the biggest surplus in the food industry, with a favorable balance of 24.2 billion francs, compared to 22.7 billion francs in 1986. Wines are therefore moving ahead of cereals, the traditional standard bearer of French agricultural exports. The trade balance on cereals obviously remained favorable, but it was down by 11 percent in comparison with 1986 despite the strong recovery by exports during the last quarter of the year (a total surplus of 23.7 billion francs, compared to 26.5 billion francs).

Good marks were also earned by oilseeds (rapeseed and sunflower), which, as the CFCE (French Foreign Trade Center) emphasizes, are establishing themselves as one of the strong points in French foreign trade, having yielded a surplus of 7.4 billion francs—a 75-percent improvement over the preceding year.

On the other hand, it must be noted that the balance from the processing industry totaled 17.7 billion francs, or nearly 4 billion francs less than in 1986. That drop is due to a rise in imports, particularly in the area of dry foodstuffs and canned goods. The rise in imports is itself explained by the size of internal flows within the large

international companies. The fact is that European specialization in production lines is considerably altering the significance of trade figures.

Lastly, from the geographical standpoint, the major trends noted in recent years are being confirmed. The surplus with the European Community improved (up 12 percent), with the recovery being especially noticeable in trade with the FRG and the United Kingdom. And in trade with other countries, the deficit dropped from 900 million to 800 million francs.

11798

Prospects for Machine Tool Industry Considered

35190041a Paris *LE NOUVEL ECONOMISTE* in French 5 Feb 88 pp 76-77

[Article by Jean-Louis Marrou]

[Text] With a foreign deficit of 2.6 billion francs last year, exports down by 20 percent, and imports totaling over 4 billion francs—the equivalent of national machine tool production—French machine tool industry, which has now dropped to ninth place worldwide, has just closed the final chapter in the revival started by the state 6 years ago. Doomed to be broken up, the MFL (French Heavy Machinery) group has had its day: exit the machine tool plan. And the carving up of the two national poles established in 1982 is completing the emergence of a new group. Brisard Nogues, an old structural steel firm in Haute-Saone headed by Rene Brisard, is taking over Forest-Line, the MFL's chief subsidiary, and thereby becoming the leading private machine tool company. Since he already owns Colly, Bombled, and Vernet, which he has acquired over the past 3 years, Brisard now gets half of his 1 million francs in turnover from that sector. That puts him in second place nationwide—behind Renault Automation and ahead of Ernault-Toyoda.

There is general relief. That Franco-French solution, strongly encouraged by the Ministry of Industry, is halting the wave of takeovers by foreign groups. Last year, Graffenstaden and Huron, a subsidiary of Intelautomatisme, came under the control of Comau, Fiat's factory automation branch. And there has been frequent mention in recent months of the name of Jobs, another Italian machine tool firm, as a possible buyer of the MFL. Following Toyoda's purchase of Ernault and Amada's purchase of PROMECAM, it is not going to be said that three of the four largest firms in the industry have passed under foreign control. The MFL is going to remain French.

It took a year of bargaining, intervention by an investment bank that was consulted by the Ministry of Industry, and voluntary bankruptcy to arrive back at the starting point, since the result of breaking up the MFL is to separate two firms which the machine tool plan had federated and modernized at a cost of 1 billion francs in

public funds. On the one side we will have Forest-Line (turnover of 400 million francs, 550 employees, two plants—one in Capdenac in Lot and the other in Albert in Somme—and a modernized range of milling machines and machining centers). On the other, we will have Berthiez (350 employees in Saint-Etienne and turnover of 260 million francs from the production of large automated lathes). By taking over the MFL's first and largest subsidiary, Brisard is getting the best of the lot: unlike Berthiez, whose activity has been stagnating for 4 years, Forest-Line has almost doubled its sales volume by dint of a strong investment effort. It remains to rehabilitate the firm. Its losses still totaled 50 million francs last year. Brisard will eliminate about 60 jobs and inject about 100 million francs into the firm. But two-thirds of that financing is being provided by regional development companies or risk capital. And the state will provide 25 million francs. That is the price that must be paid for retaining French control.

For the moment, that does not solve the problem of what to do with Goldsworthy, the American composite shaping specialist that was bought by the MFL in 1985, or with Berthiez, neither of which is affected by the operation in question. But in the near future, it might propel another French firm into the front rank of machine tool manufacturers.

The owners of a small company bearing their names, Gerardus W. Smits (a businessman of Dutch extraction) and Albert Lievre (a former executive at Potain) are showing a keen interest in Berthiez. In the space of a few years, those two partners have built up a new privately owned machine tool group around PROMAT, a small Bordeaux company which they bought in 1983. With a turnover of 260 million francs, their group includes Thermoz in Villeurbanne, Mercier Brothers and the SMT in Annonay, and Rouchaud and Limoges Precision in Limoges. Highly specialized niches such as special tools for structural steelwork or tanning and lines of drilling, punching, or shearing tools are combined with such advanced technologies as laser cutting. And the large Berthiez turning mills, which cost from 3 million to 10 million francs each, might fit in with the Smits and Lievre strategy for specialty products.

Marriage: But the existing structure at Saint-Etienne is considered too cumbersome, and keeping it unchanged is out of the question. The labor force will reportedly be reduced to 160, and to begin with, activity will probably be reduced to a turnover of about 150 million francs. The two partners will not step in alone. In addition to probable state backing and support from the municipality of Saint-Etienne, which may purchase the property under a lease-back arrangement for 20 million francs, Smits and Lievre are assured the good offices of an industrial partner. That partner is one of the groups approached by the Ministry of Industry last year: TP Industry, a Belgian holding company which came into being last October through the merger of two factory automation firms, Pegard Productics and Tecnomatix

(turnover of 120 million francs) and 60 percent of whose stock is controlled by Oshap, an Israeli group. The purchaser would reportedly be a joint company whose capital of 12 million francs would be supplied by Smits and Lievre and TP Industry.

Will the new owners be able to meet a challenge on which more than one manufacturer has come a cropper? What is at stake is the revolution in factory automation—that masterly marriage between data processing and metalworking which makes it possible to produce several versions of a single part at a better price. Under the combined effects of numerical control and automatic tool changes, machine tools are now increasing machining possibilities and making it possible to meet flexibility requirements. Who could still think of underestimating the essential role of those new multipurpose machines? And yet the average age of France's some 650,000 machine tools is increasing steadily: at last count (in 1985), their average age was 17 years. Since then, the French market, estimated at 7 billion francs (one-third that in the FRG), has stagnated.

It was precisely because a recovery in investment was overestimated that the machine tool plan met with resounding defeat. The some 3 billion or 4 billion francs injected into the firms made it possible to modernize their line of products but failed to put their finances or order books back on firm ground. In that sad affair, mistakes in implementation or shilly-shallying by public or private investors probably had less to do with the results than did the behavior of the sector's big customers in the automobile, aerospace, and arms industries. "The crisis dates back to the early 1970's. The move toward numerical control did not occur. The automobile industry chose cheap manpower instead. Unlike what happened in Italy or the FRG, the turnaround is recent," explains Jean-Paul Pons, chairman and managing director of Ernault-Toyoda and chairman of SYMAP, the association of machine tool manufacturers.

Like most of its large fellow manufacturers, Ernault, which had been the top manufacturer of center lathes in the 1960's, was unable to ride out the lifeless market. Its chief stockholder, Schneider, had to throw in the towel. Unable to link Ernault up with Intelautomatisme (one of the two poles established by the 1982 plan), Pons looked beyond France's borders. The firm had had ties of technical cooperation with a Japanese manufacturer for several years. And that was how Toyoda (turnover of 5 billion francs) became Ernault's chief stockholder alongside the state and Schneider.

All operations now take place in Maine-et-Loire where, flanked by a more modest head office than the one in Velizy, which was sold to the promoters, Ernault's old plant in Cholet has undergone a serious face lift requiring investments totaling several hundred million francs. It now has only 180 production workers, compared to 700 just a few years ago. And, following a difficult breaking-in period, Ernault-Toyoda is now offering a

new line of numerically controlled lathes. Target: a turnover of 400 million francs this year and a return to financial equilibrium following very heavy losses. Toyoda belongs to the powerful Toyota group. And not by chance. The automobile industry there is a big customer for machine tools and still plays a driving role in that respect, so much so that it is both judge and participant. The same applies to Comau, Fiat's subsidiary in Italy, and to France's Citroen Industry, the fifth largest manufacturer of machine tools (which provide one-third of its 900 million francs in turnover). It also applies to the leader in factory automation, Renault Automation (turnover of 1.5 billion francs). That last-named firm, a subsidiary of state-owned Renault, still depends on the automobile industry for over 60 percent of its business. Established in 1984 under the factory automation plan, it is trying to diversify into other sectors. But being condemned to modernize at a brutal pace, it is still losing a lot of money. "We are simultaneously devoting 7 percent of our turnover to research and development and over 50 million francs annually to investment," explains Jean-Claude Goaer, general manager of Renault Automation.

Except for the subsidiaries of automobile manufacturers and businesses taken over by the Japanese, few machine tool manufacturers have managed to take a gamble on factory automation. But they do exist. To make that clear, SYMAP recently sponsored an "open house" event at two PME's [small and medium-sized firms] in Haute-Savoie. One of them was Alcera Gambin (turnover of 120 million francs, 260 employees), which was formed in 1983 by the merger of two firms under the wing of the Amstutz Levin group. It manufactures milling centers that are just as good as foreign equipment. The same can be said of Wirth and Gruffat in Argonay near Annecy (turnover of 73 million francs, 130 employees). For the past 2 years this family-owned firm, headed by Andre Vivien, has been manufacturing Centroflex, a small machining center for use in cropping which can turn a cylinder of aluminum into a complex piece of armament in 3.5 minutes. An encouraging performance. But what a gap between that and the Japanese giants. A past master in ready-to-go machine tools, Japan walks proudly in first place, accounting for 24 percent of the world's production. Trailing far behind at 4 percent, France has been reduced to pursuing a survival strategy based on a few specialty items. Brisard, Smits, and Lievre are not exempt from that unavoidable trap.

11798

Industrial Robotization Reaches Plateau

35190046c Paris *LES ECHOS DE L'ECONOMIE*
in French 29 Feb 88 p 12

[Text] The French robot market is in crisis. Following several years of exceptional growth (51 percent in 1985 and 23 percent in 1986), domestic demand rose by only some 6 percent last year.

With 1,140 industrial robots (1) in operation in French firms in 1987, compared to 1,074 the year before, the French market is still following an upward curve. But it is experiencing a definite slowdown not only as regards programmable robots (sales of which declined in 1986 following several years of strong growth) but also as regards other components of factory automation (2) both in France and abroad. Those are the lessons to be learned from the survey conducted by AXES ROBOTIQUES.

The chief explanation is that the major equipment programs undertaken by automobile makers, who are the main customers of robot manufacturers and account for 39 percent of their sales, have come to an end. More generally, industrial investment efforts by the big firms are remaining limited. A recent study by the National Credit Bank found that "the best-performing firms are concentrating on operations for external growth in 1987, and the others are straightening out their balance sheets."

Demand on the part of the PMI [Small and Medium-Sized Industries] has not really compensated for that weakness: 73 percent of the machines are still being delivered to firms with more than 1,000 employees (compared to 82 percent in 1983). Lastly, the industry has no doubt failed to adapt completely to changing demand. Customers are turning more and more toward complex installations: "cells" consisting of several multipurpose robots.

And when it comes to modernizing a plant, robots are no longer without their competitors: the introduction of CAD or computer-aided production control, for example, can sometimes be considered more appropriate.

Inevitable Restructuring

This crisis in the market should herald a vast phase of restructuring. Most activity in 1987 was so concentrated as to benefit just a handful of manufacturers, with the 13 largest accounting for 82 percent of sales.

Heading the list are Sweden's ASEA [Swedish General Electric Corporation] (which has just merged with Brown Boveri of Switzerland) and the Automation Division of Renault, followed by Switzerland's Staubli, which specializes in equipment for the textile industry. Each of those three groups installs over 100 robots per year.

But of the 110 manufacturers, importers, and installers of that equipment who operate in France and were surveyed by AXES ROBOTIQUES, half did not install any equipment last year. And fewer than one-fourth of them delivered more than five machines during the year.

"Many manufacturers are therefore destined to disappear quickly," comments Guy Fages, the magazine's editor in chief, "and abandon the field to those who have been pressing on hard for years and are hoping to recoup their outlay."

Footnotes

1. On average, an industrial robot costs between 250,000 and 900,000 francs.

2. Factory automation, which combines data processing with design and manufacturing activities, includes CAD and computer-assisted production control, local networks, programmable robots, industrial robots, and numerically controlled machine tools.

11798

TURKEY

Politicians Get Seats in Newly Created SEE Consultancies

35540122 Istanbul *MILLIYET* in Turkish
19 Feb 88 p 13

[Special report: "Prizes' for Former Politicians"]

[Text] Ankara—The Ozal administration has awarded advisory positions at the SEE's [State Economic Enterprises] as "consolation prizes" to certain former and current politicians who are having a difficult time economically or did not win in the elections.

One hundred six former ministers, national deputies and general directors have been appointed to the newly formed advisory councils at 24 SEE's. Most of the members appointed to the SEE advisory councils, created by Law No 2430, are close to the Motherland Party [ANAP].

Among the 106 new SEE Advisory Council members are 5 former ministers: Former Deputy Prime Minister Faruk Sultan, appointed to the State Railways, Former Energy and Natural Resources Minister Cemal Buyukbas and former Trade Minister Kemal Cantaurk to the Turkish Coal Board, Former Interior and Public Works and Resettlement Minister Haldun Menteseoglu to the Fodder Industry, former Justice Minister Halil Ertem to the Milk Industry Corporation. Also appointed as chairmen of advisory councils are retired General Husnu Celenkler, former under secretary of the National Defense Ministry, at the Machine and Chemical Industry; Interior Ministry Under Secretary Vecdi Gonul at Heavy Industry Automotive Corporation; Labor and Social Security Ministry Under Secretary Ates Amiklioglu at the Tourism Bank.

New Advisers

Members who will serve in advisory positions at the SEE's and the organizations at which they will be working are:

SEKA [Turkish Cellulose and Paper Factories Administration]: Cemil Karakadilar (chairman)—former member of the SEKA board of governors; Mustafa Kilicaslan

(member)—former Sakarya national deputy; Fethi Celikel (member), Ihsan Tecim (member), Mustafa Bati-gun (member)—former Kocaeli national deputy.

PTT [Post, Telephone and Telegraph Administration]: Kemal Togay (chairman)—former Isparta national deputy; Rafet Gunay (member)—former Disaster Affairs General Director; Mete Eskigun (member), Unat Demir (member)—former Mugla national deputy; Abdulkerim Yilmaz Erdem (member)—former Mardin national deputy.

TKK [Turkish Coal Board]: Kemal Canturk (chairman)—former trade minister; Cemal Buyukbas (member)—former Eskisehir national deputy; Riza Oner Cakan (member)—former Zonguldak national deputy; Recep Kaya (member)—former Bilecik national deputy; Necip Oguzhan Artukoglu (member)—former Burdur national deputy.

TKI [Turkish Public Management]: Metin Sarioglu (chairman)—former Manisa national deputy; Ibrahim Aydogan (member)—former Icel national deputy, Barati Erdogan (member)—former Samsun national deputy; Nese Tanridag (member)—former Yozgat national deputy.

SEK [Milk Industry Corporation]: Halil Ertem (chairman)—former Justice minister; Ahmet Ilhami Kosem (member)—former Malatya national deputy; Ozdemir Pehlivanioglu—former Izmir national deputy.

TUGSAS [Turkish Fertilizer Industry Corporation]: Ali Dizdaroglu (chairman)—former Antalya national deputy; Mehmet Kocabas (member)—former Icel national deputy; Ibrahim Turan (member)—former Gumushane national deputy; Taner Karanfil (member).

TEK [Turkish Electric Power Enterprise]: Ali Tigrel (chairman)—SPO Under Secretary; Nihat Harmanci (member)—former Konya national deputy; Nihat Akpak (member) former Sakarya national deputy; Ahmet Yilmaz (member)—former Giresun national deputy; A. Sevket Gedik (former Adana national deputy).

TEKEL [Turkish Monopolies Administration]: Kemal Civelek (chairman)—Istanbul director of finance; Arif Bilgin (member)—former Rize national deputy; Ahmet Ozkan (member)—former Cankiri national deputy; Turgut Gur (member).

PETKIM [Petro-Chemical Corporation]: Ismail Hakki Akansel (chairman)—retired general; Nesan Berk (member); Nadir Karaagac (member); Yusuf Pamuk (member).

ORUS [Forest Products Industry]: Vefik Kitapcigil (chairman)—Consultative Assembly deputy speaker; Erol Bulent Yalcinkaya (member)—former Kastamonu national deputy; Kemal Poyraz (member); Lutfu Ergin (member); Besim Gocer (member)—former Corum national deputy.

TDCI [Turkish Iron and Steel Works]: Aykut Tulumen (chairman); Serafettin Oztas (member)—former TDCI board of governors member; Ibrahim Fevzi Yaman (member)—former Isparta national deputy; Hilmi Sabuncu (member)—Consultative Assembly member; Fuat Oztekin (member)—former Bolu national deputy.

MKEK [Machine and Chemical Industry]: Husnu Celenkler (chairman)—retired general; Nihat Gokbulut (member); Esen Altinok (member)—former Konya national deputy; Akif Kocaman (member)—former Gumushane national deputy.

CITOSAN [Turkish Cement and Soil Industry Corporation]: Akin Cakmakci (chairman)—former Industry and Trade Minister under secretary; Cevdet Karakurt (member)—former Diyarbakir national deputy; Atilla Sim (member)—former Mus national deputy; Mehmet Delil (member); Tevfik Gunes (member)—former Kirsehir national deputy.

TMO [Soils Products Office]: Ibrahim Senocak (chairman)—retired general, former Consultative Assembly member; Mehmet Bagceci (member)—former Yozgat national deputy; Azia Kaygusuz (member)—former Kars national deputy; Osman Isik (member)—former Ankara national deputy; Saffet Sakarya (member)—former Cankiri national deputy.

TIGEM [Agricultural Management Directorate General]: Orhan Daut (chairman)—former Manisa national deputy; Ilhan Aras (member)—former Erzurum national deputy; Haci Turan Oztuk (member)—former Nevsehir national deputy; Mustafa Kaptan (member)—former Sinop national deputy.

ASOK [Heavy Industry Automotive Corporation]: Vecdi Gonul (chairman)—Interior Ministry under secretary; Nevzat Yagci (member)—former Elazig national deputy; Mehmet Budak (member)—former Kirsehir national deputy; Sedat Turan (member)—former Kayseri national deputy.

EBK [Meat and Fish Corporation Directorate General]: Resat Erkmen (chairman); Saban Kucukoglu (member)—former Kastamonu national deputy; Nazmi Onder (member)—former Mus national deputy; Recep Ozcan (member); Mehmet Merdanoglu (member).

Eti Bank: Abdurrahman Demirtas (chairman)—former Hatay national deputy; Ahmet Ekici (member)—former Kutahya national deputy; Akin Gizlice (member); Ahmet Remzi Cerci (member)—former Adana national deputy.

DKMI [State Airfields Operations Directorate General]: Macit Akman (chairman)—former Turkish Radio and Television general director; Belkis Balkas (member); Abdulkadir Bal (member); Naci Tasel (member)—former Elazig national deputy.

Turkish Sugar Factories Directorate General: Ogan Soysal (chairman)—former Ankara national deputy; Mehmet Ozdemir (member)—former Elazig national deputy; Yurdasev Ari (member); Fuat Yakaripinar (member).

Tourism Bank: Ates Amiklioglu (chairman)—Labor and Social Security Ministry under secretary; Nusret Kacar (member); Mehmet Umur Akarca (member)—former Mugla national deputy; Metin Kustur (member).

Fodder Industry Directorate General: Haldun Mentesoglu (chairman)—former Mugla national deputy; former Public Works and Resettlement minister, Rafet Ibrahimoglu (member)—Consultative Assembly member; Ertugrul Gokgun (member)—former Aydin national deputy; Riza Tekin (member)—former Siirt national deputy.

State Railways Directorate General: Faruk Sukan (chairman)—former Konya national deputy, former deputy prime minister; Faruk Dirik (member); Mehmet Cicek (member); Yadigar Gokemnoglu (member); Mihriban Erdem (member)—former Isparta national deputy.

TPAO [Turkish Refinery Corporation]: Yener Dinmen (chairman)—Treasury and Foreign Trade Under Secretariat deputy under secretary; Niyazi Gurses (member)—former TPAO board of governors member; Mustafa Cakaloglu (member)—former Antalya national deputy; Sukru Yuzbasioglu (member)—former Afyon national deputy; Ozgur Barutcu (member)—former Diyarbakir national deputy.

CAYKUR [Tea Producers Corporation]: Ertan Cireli (Culture and Tourism Ministry under secretary).

Ray Insurance: Mustafa Keten (Agriculture, Forests and Village Affairs Ministry under secretary).

8349/9274

Minister Urges Regional Planning for Eastern Development

35540108a Istanbul TERCUMAN in Turkish
22 Jan 88 p 6

[Text] Minister of State, Veysel Atasoy, who said that the solution for the undeveloped Eastern and Southeastern regions of Anatolia is to be found in regional planning, asserted, "Measures must be taken at once for interregional imbalances."

Veysel Atasoy, noting that planning for the elimination of regional problems was being carried out with sensitivity, said, "If measures are not taken at once to get rid of interregional instability, new incidents would occur in the East and the government is acting in the light of this possibility." Bitlis deputy, Kamran Inan, a member of the Motherland Party, said that in Eastern Anatolia, "the chief problem is inequities in educational opportunities" and that "we must raise our voices and ask why are they there, and I here?"

GAP—A Regional Plan

In the closing speech of the seminar, "Regional Policy in Turkey," arranged day before yesterday by the Economic and Social Studies Conference Committee, Minister of State Atasoy asked, "Should there be regional planning or not?" and continued, "For the sake of argument, let's say yes. The Southeastern Anatolia Project (GAP) is a regional plan, and it was approved as such in the Fifth 5-Year Plan." Atasoy, pointing out that the infrastructure already existed in Eastern and Southeastern Anatolia, stated that:

"Every resident in these areas can now use refrigerators and washing machines without any difficulty. The main problem is to increase their buying power. The GAP project and its outcome will accomplish this."

Suggesting that businessmen should set up local facilities in Eastern Anatolia where the raw materials originate, Atasoy said, "Copper is mined in the East, but its manufacturing plant is in Istanbul. The raw material comes to Istanbul; it is processed, turned into wire cable and returned to the East. We have to take steps to change this." After remarking that the whole of the infrastructure in Eastern Anatolia was in place especially for communications, the minister stated that businessmen who wished to do so could build factories there and, as soon as they were opened, they could have their computers in operation, and, if they wanted, they could pay a fee to have a video conference system installed.

Educational Inequities Chief Problem

Bitlis ANAP deputy Kamran Inan said, "I'm an offspring of an undeveloped region as well as a deputy," and followed this statement with the charge that the area of greatest inequality between western and eastern Turkey was in education. Inan said, "If you don't build roads there immediately and don't bring electricity there at once, they can survive among the dust and dirt and live in darkness for a few years more. But if schools aren't built and the people educated, you'll be condemning them to a life sentence at the very bottom rungs of society."

Inan, who charged that great injustice existed in the university entrance exams, said,

"You're throwing together in the same examination graduate from high schools in Eastern Anatolia, which lack instructors in all subjects, and those who come from the Anatolia Science High schools. This is how you plant the greatest seed of social injustice. We must raise our voices and ask 'why, since I live here, is that facility located there?' If we don't ask this question today, in ten or fifteen years the situation will become much more critical."

Inan, extending an invitation to businessmen to locate in the East, stated that to support them "the land for industrial plants could be provided gratis by the state, that tax incentives could be increased and that the state could pay compensation for the cost of dismantling and relocating urban physical plants."

12575/9738

Former Trade Minister Supports Ozal Economic Model

35540108b Istanbul TERCUMAN in Turkish
23 Jan 88 p 5

[Commentary by Kemal Canturk in "Economic Opinion": "Our Foreign Debts and Repayment Status"]

[Text] Here is an excerpt from a column of ours, published 9 years ago in TERCUMAN on 2 April 1979, that debated the question of whether our foreign debt had reached dangerous proportions:

"One of the chief problems faced by economically undeveloped countries is development.

"The major factor in economic development is investments.

"And doubtless, an essential element in investment is money—in other words, a source of financing.

"Generally, in economics, savings forms the source of financing. Savings is in two groups; the first is domestic savings and the second is external savings.

"Domestic savings are that part of the national revenue that are set aside and not spent on consumption during the year.

"External savings commonly make up the credits and foreign capital that are obtained abroad.

"This means that, in economics, however necessary domestic savings are for investments, external savings—foreign credit and foreign capital—are equally beneficial.

"To put it another way, the sources of financing that are secured from abroad support and supplement domestic savings.

"Without a doubt the qualities of both elements are as important as the quantities that enter the country."

"For this reason, when securing either foreign capital or foreign credit, it is necessary to carefully ascertain their conditions, both from the point of view of the return on the investments and their production capacity."

"But, in our opinion, it is a mistake to adopt a conservative position on this topic."

"Bearing in mind the investments that our country needs under today's circumstances, we think it would be extremely useful to go ahead and get as much foreign financing as possible within the framework of foreign 'capital and credit conditions,' without engaging in the quest for ever better deals, as that has now become the world standard."

Nowadays the issue of foreign debt is being considered, rather, in the light of whether we have become indebted beyond our power to repay. Because official figures have not yet been published, we are not now in a position to make a definite evaluation here as of the end of the year. But, according to the charts dated 30 June 1987, we had a debt of 33.145 billion, excluding interest, comprised of:

- \$22.460 billion in medium to long-term loans
- \$4.660 billion in short-term loans
- \$6.25 billion in foreign exchange deposits

It is reported, meanwhile, that residents in Turkey have foreign exchange deposits amounting to approximately \$4 billion.

After having served from 1964 to 1972 as a top-level bureaucrat in the debt administration with the title of general secretary in the Treasury, we do not believe—in a period when exports have exceeded \$10 billion and other foreign payment resources are showing a concomitant increase, including nearly \$2 billion in tourism revenue—that we are in a critical situation in regard to debt repayment, because high-yield investments are being made with the credits obtained.

This is because, we think, ever since the second Ozal government was formed, it has been following a policy that gives greater importance to economic stability. If the economic model that has been selected is followed rigorously, we do not think there will be any question of situations to cause the country problems from the standpoint of debt repayment. In addition, it is incumbent upon all of us to avoid actions that will damage our financial reputation abroad.

Let us not forget that, "those who are uncertain of getting repaid, do not give new credit."

12575/9738

Commentary Sees Debt Sensitivity as 'Something To Hide'

35540108c *Istanbul MILLIYET* in Turkish
23 Jan 88 p 8

[Article in column "Telex" by Teoman Erel: "Debt Wound Very Sensitive"]

[Text] Being that you're so young, Omer, what is the meaning of this sensitivity of yours? The young president of TIBA [Turkish Industrialists and Business Associates], Omer Dinckok, displayed a great deal of tact and considerable delicacy at a press conference he held to reply to the great uneasiness in the government created by the "Ciller Report" [entitled, "Foreign Debts: Projection and Analysis"], which said our foreign debt situation is critical.

What nicety was shown by this capable businessman, who did not fail to praise effusively the prime minister and the Motherland economy.

"Though this report was ready 6 months ago," stated Dinckok, "we felt it was unwise to discuss the subject in the referendum and the early election platform."

What tremendous political acumen.... By postponing disclosure of the report, they prevented the loss of votes for the Motherland Party. Congratulations.

Mr Dinckok explained that he, "recognizing the sensitivity of the issue," had presented the prepared report to the Central Bank and other officials 3 months earlier. So, it had apparently not come as a surprise to the government.

Dinckok, praising the foreign debt situation and expressing the view that all was going well, once more emphasized that, "As industrialists and businessmen, they were sensitive to the issue of foreign exchange."

This aroused our curiosity—what is this sensitivity and what causes it? One prominent exporter who supports the government and criticized TIBA because of its last report, explained it to us this way:

"The disclosure made by TIBA, conveying the impression that Turkey might be hard pressed to pay its loans, would put Turkey and Turkish businessmen into a very awkward position vis 'a vis foreign credit sources. The revelations in this last report could raise the LIBOR [London Interbank Offered Rate] a few points on the credits that would be obtained at this time. This would produce a great deal of damage."

"Very well, Mr Exporter," we said, "what is the meaning of the government's comment in connection with this TIBA report, that the government and they are sawing off the limb they're sitting on?"

"Most TIBA members use foreign credits amounting to more than \$10 million. By publishing this report they have harmed themselves. In the future they may have difficulty using foreign credit," [he replied].

It seems that sharp differences have appeared in the degree of satisfaction with which exporters and industrialists view the government's economic policy.

Exporters, by way of reply to the criticism by industrialists that they are not supported and that, in this circumstance, they will not be able to find new products to export state that:

"The funds supplied to us go back to the industrial sector in the form of orders."

For their part, the industrialists express the view that they have been totally unable to increase production and stimulate investment. Yet when the government reminds them, they suddenly perceive the sensitivity of the situation and disappear from the scene....

How much would you say has the outside world been affected by the backing off of the industrialists and their about-face, so that they now view the foreign debt situation as a positive factor? Do the sources of foreign credit not know who we are?

According to an ANADOLU AGENCY news report yesterday from Washington, at a meeting of the World Bank, examination was made of the situation of countries with sizable foreign debts. Turkey's situation was considered along with those of Latin American countries. It was revealed that Turkey "was among the nations with large foreign debts," but that it made its payments on time. It was concluded that Turkey, in conjunction with an increase in its national revenue, is exhibiting rapid growth in its domestic and foreign debts, and that "a degree of heating up" was observed in its economy.

Please be patient, we're almost to the end. Now, do you think the Prime Minister is going to tell off the World Bank? Is he going to say, "The World Bank should mind its own business?" Is he going to get the World Bank to reverse its position and have it announce that "Turkey's situation is extraordinarily good?"

Strangers do not understand our feelings of sensitivity and such. What they do know quite well is that Turkey's foreign loan payments are being made by taking out new loans under increasingly unfavorable conditions and that it is heading for a crisis.

The ranting against TIBA by those in power, which has drawn attention to the growth in our foreign debt, is an "internal politics stage show." The hypersensitivity of those in power to even the mildest criticism of our foreign debt demonstrates the existence of a large, bleeding wound that they are trying to hide.

12575/9738

FRANCE

Little Improvement Seen in Unemployment Situation

35190042 Paris *LE NOUVEL ECONOMISTE* in French 19 Feb 88 pp 14-15

[Article by Caroline Brun]

[Text] Fate is against Philippe Seguin. The minister of social affairs and employment might have had a few reasons for self-satisfaction: the "social treatment" of unemployment, which not long ago was still being looked upon as a shameful disease (see the "Books" section on page 40 [not included]), has now been given a clean bill of health by almost everyone. Even Alain Juppe, minister delegate to the minister of economy, finance, and privatization in charge of the budget, has acknowledged publicly that the current government's former TUC [Community Service Jobs Program] killers have had to make due apology—to the great delight of the former Socialist minister of labor, Michel Delebarre. And in that field where overwhelming consensus now prevails, only Raymond Barre is choosing once again to make it known that he is different. As a guest on TF1's "Questions at Home" program on Sunday 14 February, he did not fail to get the RPR's message on employment wrong: "We are the only country in Europe to have lost 300,000 jobs since 1983. If there has been a drop in unemployment, it is due to the social measures adopted. There has been no economic treatment of unemployment." As the last defender of that distinction, which is now readily labeled a matter of rhetorical quibbling, Barre deliberately chose to sing out of tune. Because Seguin's problem today is no longer that of justifying the social measures, which have gained legitimacy. His problem is to get them operating at full speed. In a development that was inconceivable a few years ago, the problem has paradoxically reversed itself as unemployment has grown worse: at a time when the labor market is growing increasingly tight, the social shock absorbers of underemployment are jamming up for the first time.

Seguin was on a visit to the DOM-TOM [Overseas Departments and Territories] last week, but he nevertheless managed to stir up a hornet's nest in France itself. How? With a letter addressed to Gerard Vanderpotte, director general of the ANPE [National Employment Agency], and designed to cut short any disaffection among young people for the TUC. It pointed out that repeated refusal to accept jobs and training must be punished by removing offenders from the program. When passed on to the 23 directors general of employment, the "Seguin circular" was a great success. It also aroused the indignation of the unions. "Either you accept a TUC job at 1,250 francs per month or you are removed from the unemployment statistics" is the unvarnished comment from the CGT. "Unable to halt the rise in unemployment because of the lack of a real employment policy, Seguin has chosen to break the thermometer."

Last Resort: Are the unemployment figures in that much danger of rising too high—a very undesirable development in an election year? And why are young people, of whom one out of every four in the labor market is looking for a job, suddenly turning up their noses and preferring even the worst to the last resort being offered them? Naturally, the Ministry of Social Affairs and Employment is downplaying the significance of the debate. In terms of numbers attracted to its program, the TUC achieved 91 percent of its goal (see the table [not included]). And 255,452 "TUCers" were actually at work on 25 January. That is 16.2 percent more than at the start of 1987. The decline in monthly signups over the past few months is therefore being interpreted by Seguin's staff as a technical correction. It is pointed out that "the measures are losing steam only if one compares them to the furious pace noted in 1987." The same argument is applied to the SIVP's [Introductory Training Programs for Vocational Life], the misuse of which is a special target of the union organizations. In January, only 20,970 young people tried to "get an introduction to vocational life," compared to 35,000 in July 1987.

Even so, that explanation based on cyclical circumstances is not entirely satisfactory, the reason being that for some time now, the failures in the "social treatment" programs have been increasing. The government had great hopes for the Local Placement Programs [PIL], but those programs have attracted only one-fourth of the expected number of beneficiaries. And their exclusively female version, the PLIF [Women's Local Placement Programs], has stagnated at around 2,700 applicants. In the case of the retraining agreements, which were supposed to facilitate the reentry into the labor market of people laid off for economic reasons, disappointment has been shared by the social partners cosignatory to that arrangement, particularly the CFDT. Despite an unprecedented publicity campaign at the end of 1987 (costing 8 million francs), the contracts in question have barely gotten off the ground: 2,000 were signed in January, compared to 1,100 in July. "Only half the employers who normally have a legal obligation to offer such a contract have used it," laments Alain Deleu, chairman of the AGCC (Association for the Management of Retraining Agreements). He is hoping in particular to make the system more attractive.

All those examples show that in spirit at least, if not literally, Seguin was not wrong: there is still room for growth and a future for certain intermediate activities. Because while the total number of TUC agreements signed with the Ministry of Social Affairs and Employment by local governments, government enterprises, hospitals, and so on reflects the intention to hire 400,000 young people, the actual number hired is far below that (250,000). The disappointments are greatest with respect to the PIL: 17,000 agreements have been signed, but only 4,000 people are working. Actually, those dysfunctions have their source in the attitudes adopted both by the applicants and by those offering training.

If we add up the number of people benefiting from measures reserved for young people, the long-term unemployed, or wage earners of all ages, we get an impressive total of over 1.2 million individuals in 1987! With an explosion like that, the supply of underemployment is functioning basically as a genuine parallel labor market in which competition, while certainly impure or imperfect, is nevertheless the rule. As a result, the behavior of the jobseeker is changing. An unemployed person was happy to jump at the "Barre training programs" alone in the late 1970's, but now, like a very rational "homo economicus," he is figuring things out to his own best advantage. "Jobseekers today have a vast choice, and an implicit ranking of the various more or less desirable solutions is becoming established," says Simon-Pierre Thiery, assistant to the director general of the ANPE. The top favorite, of course, is a good old labor contract in a "normal" firm with a wage paid at the contract rate. The second choice is an alternating training contract (for training or retraining), which involves a financial sacrifice but provides a good level of training. If he fails on those two fronts, a young man will fall back on the SIVP in a firm. The hiring rate for "graduates" has risen from 40 percent at the start of the program to 47 percent at present. More than 20 percent go on a new intermediate job, a training program, or a short contract in another firm. And 30 percent go right back to the ANPE.

Bright Idea: In this already very competitive nebula, it is understandable that the bright idea that Laurent Fabius and Michel Delebarre came up with—the TUC—should be causing problems in Seguin's accounts. The fact is that 7 months after completing that program, only 31 percent of TUCers have found jobs. Moreover, most of the young people "dozing" in the ANPE's files have already tried their luck as municipal technicians. Thiery sums it up this way: "If they try again, they will be sidelined."

While the law of the marketplace does not make things easy for the least interesting training programs, it is also true that the least qualified jobseekers are its first victims. The second perverse effect of this massing of social measures is that they generate their rejects. "If the measures are too broad, they miss the target," the CFDT explains. Although the SIVP's were designed to bring poorly trained young people back into the job market, the fact is that the firms hire people with a higher level of training: only 14 percent of the trainees did not go beyond the fifth form in school, whereas that population accounts for 21 percent of all young jobseekers. And the low success rate achieved with the PIL is also explained by the marginal situation of the long-term unemployed, who are very difficult to reintegrate into the job market.

That is a distortion providing easy grist for criticisms of Seguin's employment policy: "By trying to concentrate on figures, they are providing cut-rate social treatment for the problem," says one expert in the Socialist Party. And just recently, Delebarre came up with a detailed

inventory of the time bombs waiting for the next government: "To keep the number of trainees we have in March at the same level through 31 December 1988, 9 billion francs will be needed in 1988." While wondering whether it is better to have too much money—which pleases Seguin—for lack of combatants or too few credits with which to meet galloping demand, we are in danger of losing sight of the end which justifies all these means.

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ITALY

CGIL Secretary Optimistic About Changes, Membership Increase

35280094 Rome *L'ESPRESSO* in Italian
31 Jan 88 pp 192-193

[Interview with CGIL Secretary Antonio Pizzinato, by Paolo Forcellini]

[Text] The secretary of the CGIL, Antonio Pizzinato, explains in this interview the remedies that will help his organization to overcome its identity crisis. And he cites several proposals to be discussed in the debate on institutional reforms.

These times are not times of peace for the labor unions. At one time it is the COBAS that reveal their loss of identity, at another, it is the Government or the Parliament that, to balance the Government's accounts, rescinds provisions which the confederations thought they had irreversibly "wrested" from them. The businessmen, for their part, have long preferred the separately-negotiated contracting route rather than the industry-wide collective agreement approach. In short, the weakness of the confederations on every front is obvious. What must be done? What actions do the leadership of the CGIL, the ICFTU, and the UIL intend to take, over the next several weeks, to reverse this trend, if that is possible? This was the subject of our interview with Antonio Pizzinato, secretary general of the CGIL, the largest of the confederations.

[Question] It is almost 2 years now since you became secretary of the CGIL. At that time you referred to the crisis the CGIL was undergoing and spoke of "broadening the base of the confederation." Doesn't it seem to you that the situation has grown worse instead of better?

[Answer] We were the first to underscore the union's identity crisis of representativeness, and for this we were indeed criticized by some. To overcome this crisis, we embarked on a transition from an industry-oriented union to one that would represent labor as a whole; that is to say, also technicians, the young, the unemployed, and the retired as well. Today we are beginning to see the results: The CGIL's membership is growing.

[Question] But does this increase in membership consist only of retirees? Or does it also include workers in active employment?

[Answer] In 13 regions there has also been an increase also in active workers. As for the employees of big industry, on the other hand, a decrease in employment in that sector—and indeed there is an appreciable one at this time—clearly makes it quite difficult for the union to increase its membership in that sector. However, on the whole, our aim this year is to reach a total of 5 million membership cards: Quite a significant goal, attained only in the early 1970s.

[Question] Specifically, in what respects is the CGIL changing to deal with the crisis?

[Answer] We are putting maximum emphasis on democracy and participation. In this regard, the practice of holding referendums, which we have instituted, will be made a general rule. Secondly, we are planning to decentralize the organizational structures, the cadres, to bring the union "closer" to the workplace. Moreover, the job classification structure must be updated and adjusted to the new reality of the productive system. In this respect, for example, we are about to bring all workers in the agroindustrial sector, from the farm laborer to the industrial technician, under a single unified job classification structure.

[Question] You outline a labor union that, all things considered, is seemingly in good health, even as it wrestles with profound changes. Why then have quite a few officials recently left the confederations and chosen new occupations?

[Answer] In the first place, it needs to be said that we are dealing with very few cases in an organization employing 10,000 officials full time. By this, I don't mean to deny that behind these desertions there is a political factor. I repeat, we are facing a complex transitional phase, and it could be that some consider the undertaking too complex or find it difficult to identify themselves with the new labor union we are trying to build. However, it is of vital importance to us that we change. To cite just one example: Fifteen years ago at Italtel, blue-collar workers made up 69 percent of the work force, technicians and white-collar workers almost 31 percent, and management 0.3 percent. At the present time, the percentages are, respectively: 22 percent blue-collar workers, 65 percent technicians, and 3 percent management. Can we still remain at a standstill?

[Question] The labor unions called a general strike in December against the Government's economic policy, asking for more investments, more infrastructures, and more spending for southern Italy. In other

words, more public spending. Don't you think the labor unions too should share responsibility for the problem of the enormous national budgetary deficit?

[Answer] We asked for investments in sectors that do not depend very heavily on imports and that would contribute to raising our country's level of competitiveness. But we have also concerned ourselves with the financing of these proposed outlays, and have put forward numerous proposals to increase revenues (estate and property taxes, taxes on fixed-income securities) while achieving a more equitable distribution of fiscal pressures. On the whole, we believe that our proposals would increase internal revenues by 2 percent. Therefore, we cannot be accused of irresponsibility with respect to public finance.

[Question] For how many years now have the labor unions been demanding investments for southern Italy, reforms of the retirement system, and other welfare reforms—and with what results? Don't you think you are losing credibility on this front as well?

[Answer] Partly, that is true. The concrete results have been scarce. But whose fault is it? Let me cite some examples. We contributed to the defining of some legislative measures for improving spending procedures, for increasing the efficiency and productivity of the Government, and for enhancing the flexibility of government employment. All this came to a standstill in Parliament. And more: As far back as 1978, we reached an agreement with, at the time, Minister Vincenzo Scotti, regarding retirement reforms. To date, these have not been implemented. In January 1983, an agreement was reached regarding elimination of the tax drain, which was again disregarded recently during the debate on financial issues. The same is true of the 1986 agreements on changes in unemployment compensation. And I could go on at great length with examples. On the basis of this long list of disillusionments, the unions must now address the question of entering the debate on institutional reforms, particularly to prevent the agreements between the unions and the Government from turning out to have been written on water when it comes to their being enacted by Parliament.

[Question] You have addressed the question of the institutional reforms in a letter to your colleagues Franco Marini and Giorgio Benvenuto. What exactly are your proposals?

[Answer] Briefly, I think that, on certain issues, Parliament should vote a power of attorney to the Government such that agreements entered into by the latter on these matters cannot be put at issue again. It would also be desirable for certain parliamentary committees (Labor, Social Affairs, Finance) to maintain an ongoing consultative relationship with the social forces. Another proposal has to do with instituting a specific annual meeting of the Parliament, or of certain committees in joint

session, to address legislation bearing on social issues. What is required is the instituting of specific legislative procedures for addressing issues that directly involve the labor unions and the social forces in general, fully respecting the spirit of the Constitution. A particular though not marginal issue is that of the reform of the CNEL [National Council for Economy and Labor]. Enacted over a year ago, it is still unimplemented: The

new members have still not been appointed. But in addition to this, I feel that it would very helpful, both to the Government and to the social forces, if the restructured CNEL were to assume a number of tasks such as the archiving, observation and analysis of the labor market, disputes, and wage dynamics.

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